

inman

SELECT

SPECIAL REPORT

Why the real estate industry does not
compete on commission rates

The conventional wisdom about commissions is that when listings are scarce, brokers and agents are more willing to negotiate compensation with sellers.



An Inman reader survey confirms that while listing agents are more willing to negotiate their commission when listings are scarce, they're not about to advertise that fact.

The survey of 725 brokers and agents, conducted from Oct. 8 to Nov. 7, found that only 14 percent compete for listings by publicizing their willingness to negotiate their commission, provide services at a reduced commission rate, or on a fee-for-services basis.

Among those who do not compete for listings on price, 41 percent said it simply doesn't work, but more than half -- 55 percent -- said they are philosophically opposed to commission discounts.



In this in-depth special report, Inman explores the attitudes, approaches and practices agents and brokers are employing in deciding what to charge for their services in today's market.

COMPETING FOR LISTINGS

Listings may still be hard to come by in many markets, but the overwhelming majority of real estate brokers and agents surveyed by Inman say they're not about to compete for sellers by advertising that they'll work for less than full commission.

Just 14 percent of agents and brokers polled by Inman say they compete for listings by publicizing their willingness to negotiate their commission, provide services at a reduced commission rate, or on a fee-for services basis.

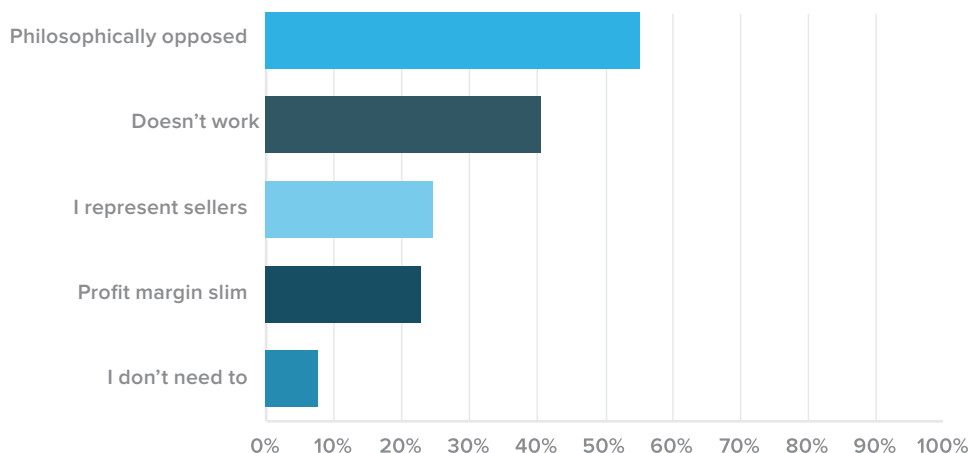
Among those who don't compete for listings on price, only a handful (8 percent) said they already have all the business they can handle.

So what's stopping them? About 1 in 4 (23 percent) said their profit margins are slim and they can't afford to charge less. Twenty-five percent fear that if they represent a seller at a reduced commission, other brokers won't promote their listings to their buyers

i The most-often cited reasons for not competing for listings on price was that it simply doesn't work (41 percent), and that agents and brokers are philosophically opposed to commission discounts (55 percent).

I DO NOT COMPETE FOR LISTINGS BY CHARGING SELLERS A REDUCED COMMISSION BECAUSE (CHOOSE ALL THAT APPLY)

Answered: 503 Skipped: 222



Answer Choices	Responses
I am philosophically opposed to commission discounts.	55% 278
It does not work. Sellers are more interested in getting the best price for their house than saving a few thousand dollars in commission.	41% 205
If I represent sellers for a reduced commission, other brokers might not promote my listings to their buyers.	25% 125
My profit margin is already very slim, I can't afford to lower my commission rate.	23% 116
I have all the business I can handle, I do not need to compete on price.	8% 39
Total Respondents: 503	

“It goes against my grain as a 28-year full-time agent to stoop to that level,” said one survey respondent. “Agents who undermine (commissions) only hurt the industry (and the) profession. Isn’t dangling that kind of bone similar to prostitution?”

“Consistency from client to client” was another rationale for toeing the line on commissions. “If we discount one, we are not being fair to the rest.”

Others said competing for listings on price doesn’t work, because sellers are more interested in getting the best price for their home than saving a few thousand dollars in commission.

“A lower commission doesn’t necessarily translate into getting the highest price” was one typical comment in this vein. “Sellers are interested in getting the highest net price, that’s where negotiating skills and marketing efforts bring in the highest net price for the seller.”

“In my market area consumers expect to pay a full commission and also expect impeccable service, I would estimate that only 10 percent of my customers ask to negotiate my commission,” said another.

“Educated sellers know that discounters can’t afford to market their listings, so they have to underprice them. We educate sellers so they may act in their own best interests.”

Others who said that although they don’t publicize their willingness to negotiate commission reductions with sellers, that doesn’t mean there aren’t situations in which they will.

“Once I am in a position to win the listing and find that the commission is TRULY an issue (after answering the objection a few times), I will negotiate ... if it’s a good property and the owner is realistic on price,” said one real estate professional.

Other representative responses included:

“I negotiate, I just don’t publicize it.”

“I do everything I can to not lower my commission. However if that is what the sellers is looking for, I have and will give up to a 20 percent discount.”

“I only offer a discount as an incentive if I am the sole procuring cause of an unrepresented buyer.”

i *“I believe it hurts our industry as a whole. If brokers reduce their commissions, it will force other brokers to reduce their commissions resulting in lower commissions for ALL brokers that want to remain competitor.”*

i *“Sellers want someone they can trust and gives them full service,” was another representative response. “They have a choice to go to a discount firm or to an experienced and trusted Realtor.”*

i *“Commission reduction is usually discussed at the offering table,” said another. “It’s the normal situation in our market in Toronto.”*

WORKING FOR LESS THAN FULL COMMISSION

There’s definitely a whiff of fear in the concerns expressed by some agents and brokers about working for anything less than full commission.

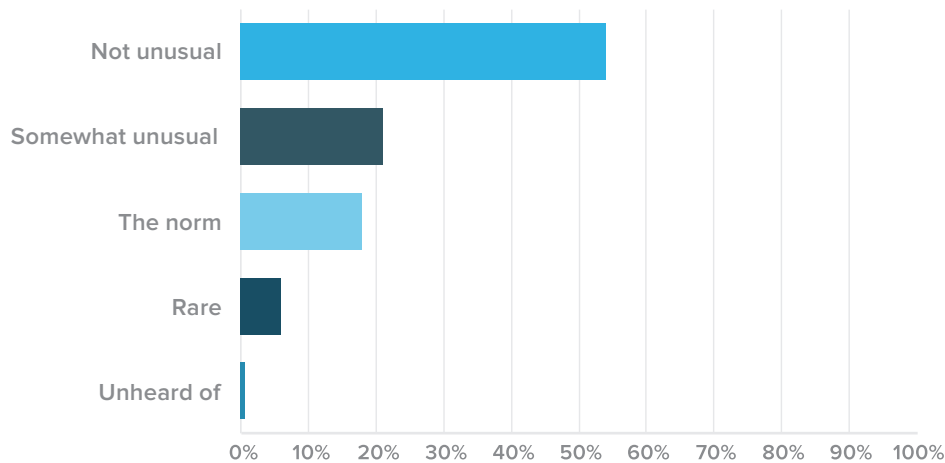
“When agents discount their rate, it places pressure on every agent to do so, and then what is the bottom?” asked one survey respondent. “Already Redfin claims to list a house for 1.5 percent. Any seller who sees that TV ad will pressure every agent from a traditional brokerage to accept 1.5 percent because sellers have no idea how real estate agents earn a living.”

Although 86 percent of those surveyed said they themselves don’t advertise their willingness to negotiate their commission, most (54 percent) it was not unusual for brokers in their market to compete for listings by offering commission discounts, and 1 in 5 (18 percent) said it was the norm.

i *“There is no reason to discount our services. It sends a message to the consumer that we are overpaid. For the work we do, we are far from overpaid. I hope everyone will rethink their strategy and avoid such reactionary measures.”*

HOW COMMON IS IT FOR BROKERS IN YOUR MARKET TO COMPETE FOR LISTINGS BY OFFERING COMMISSION DISCOUNTS?

Answered: 543 Skipped: 182



Answer Choices	Responses	
Not unusual	54%	294
Somewhat unusual	21%	115
The norm	18%	98
Rare	6%	33
Unheard of	1%	3
Total		543

Only 21 percent said it was “somewhat unusual” for brokers in their market to offer commission discounts to sellers, and 6 percent said it was rare.

Most of those surveyed said in the last year, listing brokers have become more willing to negotiate commissions, with 29 percent said they are much more willing to negotiate, and 45 percent saying they are somewhat more willing.

Another lamented that there are “too many new agents flooding the marketplace with no experience to compete with. Discounting is their best option. Usually (they) will fail to sell the home and they hurt the overall reputation of real estate agents.”

The survey showed that brokers’ willingness to negotiate as cyclical – most agreed either strongly (23 percent) or somewhat (61 percent) with the statement, “When listings are scarce, brokers are more open to sellers’ attempts to negotiate a reduced commission.”

The same is true of list price. Most agreed either strongly (22 percent) or somewhat (54 percent) with the statement that “Commissions are tied to list price. The greater a home’s list price, the more willing a broker will be to negotiate a lower commission rate.”

i *“The number of agents chasing market share makes it ultra competitive, and most agents (and) brokers do not know how to differentiate themselves from the crowd,” complained one respondent.*

i *“Consumers expect a lowered commission. They have heard that their neighbors paid less commission when they sold their house. They just expect a commission adjustment, and many won’t list until you do it.”*

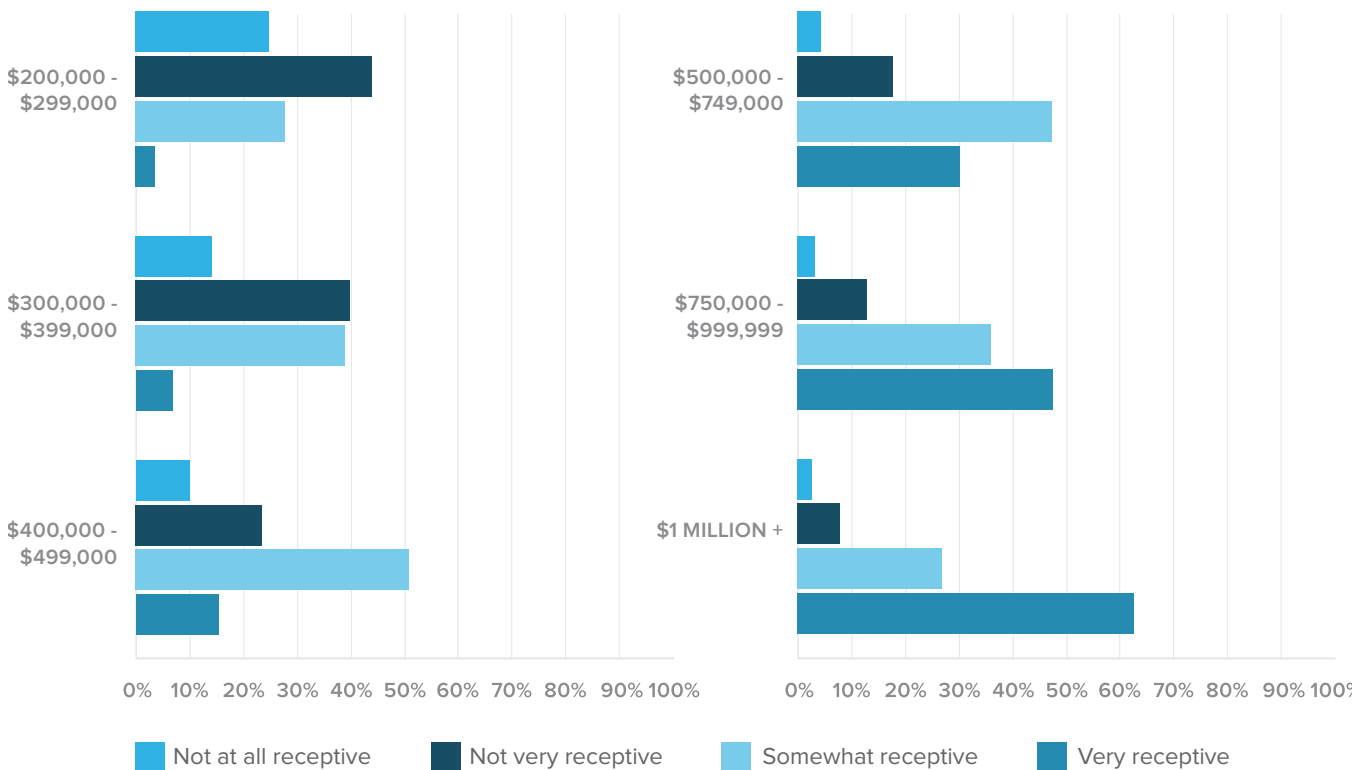
i *“Most sellers know three agents and are on the Internet. It’s too easy to get a real estate license. There’s a low barrier to entry into the real estate sales business.”*

Asked how receptive listing brokers would be to working for a reduced commission rate for homes in six price ranges, most did not think sellers of homes priced at less than \$400,000 would have much luck. But above that range, most agents and brokers thought listing brokers would be somewhat or very receptive.

For listings priced at \$1 million and up, 63 percent thought listing brokers would be very receptive to working for a reduced commission, and 27 percent said they would be somewhat receptive. Only 3 percent said listing brokers would be not at all receptive to taking a \$1 million listing for a reduced commission rate.

HOW RECEPTIVE WILL BROKERS OR AGENTS BE TO WORKING AT A LOWER COMMISSION RATE WHEN HOUSES ARE PRICED IN THE FOLLOWING RANGES:

Answered: 344 Skipped: 381



	Not at all receptive	Not very receptive	Somewhat receptive	Very receptive	Total
\$200,000 - \$299,000	25% 84	44% 149	28% 94	4% 12	339
\$300,000 - \$399,000	14% 48	40% 135	39% 132	7% 23	338
\$400,000 - \$499,000	10% 34	24% 80	51% 172	15% 52	338
\$500,000 - \$749,000	4% 15	18% 60	47% 160	30% 102	337
\$750,000 - \$999,999	3% 11	13% 44	36% 122	48% 161	338
\$1 Million +	3% 9	8% 27	27% 91	63% 212	339

SO WHAT REPRESENTS FULL COMMISSION?

About 7 in 10 agents surveyed charge between 5 and 6.5 percent. The sweet spot was 5.5 to 6 percent (37 percent of those surveyed), with 15 percent charging 6 to 6.5 percent, and the same proportions charging 5 to 5.5 percent. Less than 4 percent of listing brokers and agents said they charge 6.5 percent or more.

The air was just as rarified at the other end of the spectrum, with just 2.59 percent of those surveyed saying the charged total commission rate (both buyer and seller sides) of less than 3 percent.

When Inman polled brokers and agents in 2011 there were more agents working the high and low end of the commission spectrum. Three years ago, 26 percent of those polled said they charged less than 5 percent total commission, and 5 percent charged less than 3 percent. While 60 percent charged between 5 and 6.5 percent to list and sell a home, 5 percent were charging more than that.

“When I list multiple standing inventory properties for local homebuilders, I list them for 5 percent, with 2 percent to the listing side and 3 percent offered to co-op broker,” one respondent said. “When I list individual homes for sellers, I list for 6 percent with 3 percent to the co-op broker. When I list a short sale, I list for 6 percent, and sometimes the investor who holds the note will reduce that to 5 percent or require me to pay a third-party processing company they use out of the listing side of the commission.”

Most said their broker requires a minimum total commission level to list a home, with that minimum most often falling between 5 and 6 percent.

Nearly all agents and brokers surveyed (96 percent) offer to provide their services in exchange for a percentage-based commission, compared to 8 percent who offer flat-fee services. Less than 2 percent of agents and brokers said they’ll provide services to clients for a fixed hourly rate.

In the next five years, more than one-third of those surveyed (35 percent) said they expect flat-fee services will become more popular.

i “Large discount brokerages have yet to enter my market in a big way,” one respondent said. “I am beginning to see discounted commissions in the luxury sector with the very top brokers getting more competitive. Those other discount brokerages who are present are selling their services as more efficient, equal exposure, less money. Some consumers are persuaded.”

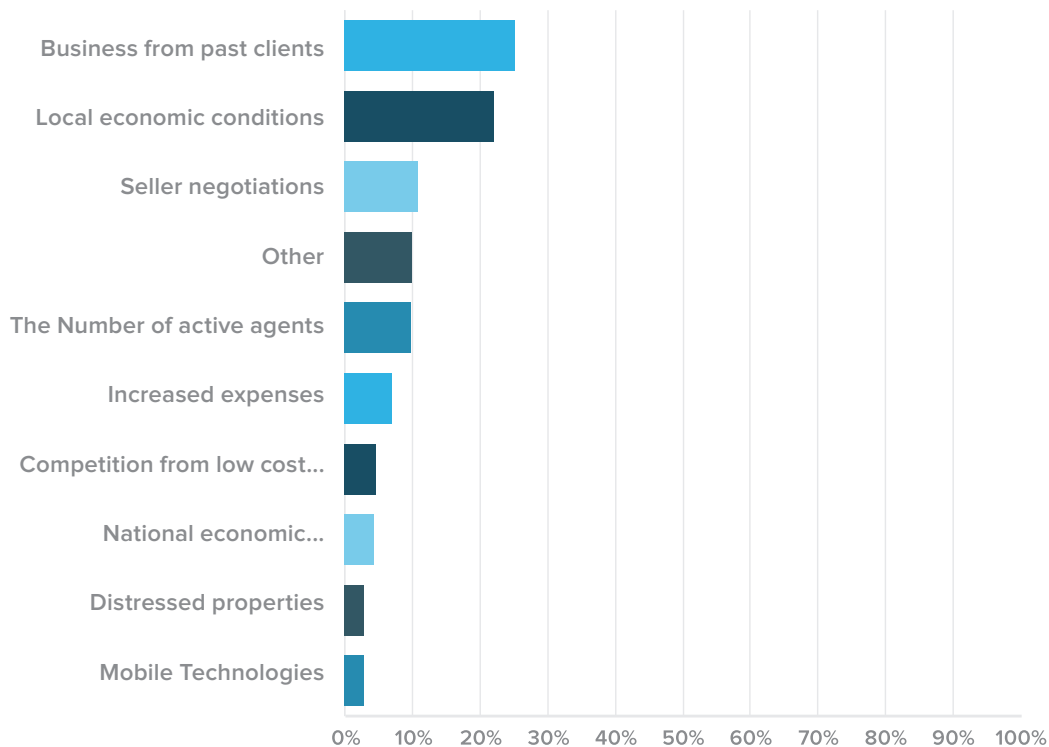
i Commission rates often depend on the circumstances of the transaction, including the type of property and volume of business from the client.

i Another said “6 percent strictly for listing, 5 percent if the seller also uses me to buy a property, 4 percent if I am double-ending the deal.” Others took a more straightforward approach: “6 percent is the standard in Washington State.”

While most of those surveyed said discounters were present in their market, few see them as a threat. Asked what had the most impact on their compensation and income in 2014, brokers and agents were more likely to say business from past clients (25 percent) or local economic conditions (22 percent) than seller negotiations related to compensation (11 percent) or competition from low-cost brokers (4.6 percent). More (10 percent) saw the number of active agents as a problem.

IN 2014, WHAT HAD THE MOST IMPACT ON YOUR COMPENSATION/INCOME?

Answered: 348 Skipped: 377



Answer Choices	Responses
Business from past clients	25% 88
Local economic conditions	22% 77
Seller negotiations related to compensation	11% 38
Other	10% 35
The number of active agents	10% 34
Increased expenses	7% 25
Competition from low-cost brokers	5% 16

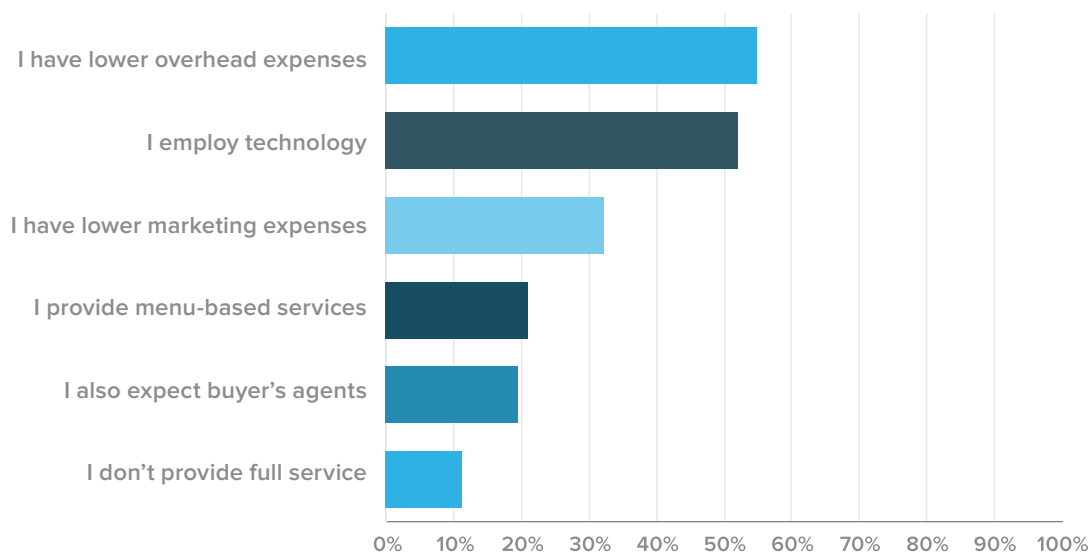
COMPETING ON PRICE

Among those who do compete for listings on price, most (55 percent) said they are able to do so because they have lower overhead expenses than full-commission brokers or agents. More than half (52) percent said they employ technology that makes them more efficient, generating cost savings that they can pass on to consumers.

i Only about one in three (32 percent) said they have lower marketing expenses than full-commission brokers or agents -- which could raise doubts about claims by full-service brokers that agents and brokers who charge less than full commission skimp on marketing.

I AM ABLE TO COMPETE FOR LISTINGS BY CHARGING SELLERS A REDUCED COMMISSION BECAUSE (CHOOSE ALL THAT APPLY)

Answered: 71 Skipped: 654



Answer Choices	Responses
I have lower overhead expenses than full-commission brokerages or agents.	55% 39
I employ technology that makes me more efficient and generates cost savings that I pass onto customers.	52% 37
I have lower marketing expenses than full-commission brokerages or agents.	32% 23
I provide menu-based (à la carte) services.	21% 15
I am expecting buyer's agents to accept a smaller commission than they would on a full-commission listing.	20% 14
I do not provide all of the services that a full-commission broker or agent provides.	11% 8
Total Respondents: 71	

“I spend much more marketing my listings than any discount broker,” said one respondent who doesn’t believe working for less than full commission.”

In the same vein, only 20 percent of agents who compete on price or offer menu-based services say they expect buyer’s agents to accept a smaller commission than they would on traditional, full-commission listings.

Among those who said their marketing expenses are lower, only 11 percent said they spend less marketing their clients’ listings than full commission brokers and agent. (Most survey respondents (68 percent) said they, or listings agents in their market, typically spend less than \$1,000 marketing a home. Only 7 percent said they spent more than \$3,000.)

Close to a third (30 percent) said they do spend less marketing their own business and prospecting for clients than full-service brokerages.

Nearly 3 in 4 (72 percent) of brokers and agents who compete for listings on price said they spend less on office space, equipment and support staff, and 41 percent said they do not rely on a stable of relatively unproductive agents to bring in business.

Those are all strategies that full service brokers could employ as well to increase profit margins.

“Overhead cost is a function of sound business principles,” said one survey respondent. “I know many brokerages that have low overhead and still charge high commissions.”

Among brokers and agents competing for listings on price, most (65) percent said they were full-service brokers or agents who make it known they are offering a commission discount. But 15 percent were traditional, full-commission brokers and agents.

WHAT ARE THE BIGGEST OBSTACLES TO COMPETING FOR LISTINGS?

Asked to put their finger on the biggest obstacle to competing for listings by offering a reduced commission to sellers, many cited hostility within the industry:

“Resistance to change ... ‘We’ve always done it this way’ mentality.”

i 57 percent said one reason their expenses are lower is that they do not buy leads. Half said they were not affiliated with a real estate brand, and 35 percent said they rely on inexpensive or free online marketing channels such as social media, blogs and email.

i “Marketing your business and what you charge have nothing to do with each other,” said one respondent. “I can spend as much as any other broker ... and charge less.”

i Only 12 percent of brokers and agents competing on price do so using “fee for service” (a la carte) pricing, and only 8 percent were flat-fee listing providers, who provide only limited services to sellers after listing their property in the local multiple listing service and national listing portals like Zillow, Trulia and realtor.com.

“Other agents getting angry.”

“Lack of cooperation from other brokers.”

“Agents won’t show homes for less than 2.5 percent. This is the least amount I will discount to (5 percent total).”

“Stigma of flat-fee listings (limited services). Buyers agents don’t want to have to do the work of both parties for half the fee.”

Some said they would not work for a reduced commission themselves for fear of harming their reputation or brand:

“Putting myself and my brokerage in the same light as a discount broker. For the most part, many of the discount brokers in our area are inferior in knowledge, education, conduct, public perception.”

Others said that reduced commissions are often tied to keeping deals in house, and representing both the buyer and the seller.

“Many of the brokers who do this are keeping the listings off the MLS, whether the sellers know this or not, and keeping it as a pocket listing so they can capture both sides of the ‘reduced’ commission. They would never work for only one side of the commission at that reduced rate. So they manipulate the listing to keep both sides.”

So what might would motivate more brokerages to compete for listings by offering reduced commissions to sellers?

“More brokers just sucking it up and taking the risk of making the change to negotiating lower commission rates.”

“Consumers successfully selling houses on their own through the internet and social media Less demands on the brokerage from the seller (less work/stress).”

“Competition with low cost brokerages such as Redfin will force change in the marketplace.”

Some think the rules of the game will have to be tweaked.

“Change the real estate laws so that the brokers do not have a legal fiduciary duty to their seller or buyer, which creates great liability to the broker-agent,” said one. “If we were transaction brokers, just sales people without the legal liability,” that could make working for reduced commissions feasible.”

i *“Even if I offer a reduced commission to a seller, my reputation is my brand and right now I wouldn’t plan to reduce the quality or quantity of service or marketing I provide. If discounting becomes the norm in the future I may need to rethink whether offering a “cafeteria style” list of marketing options is the way to go.”*

i *“I see that the co-operation moving “in-house” where lower listing commissions become ‘office specials’ -- not on the MLS -- so the agents at these big brokerages can double end the deal. The house takes from both sides.”*

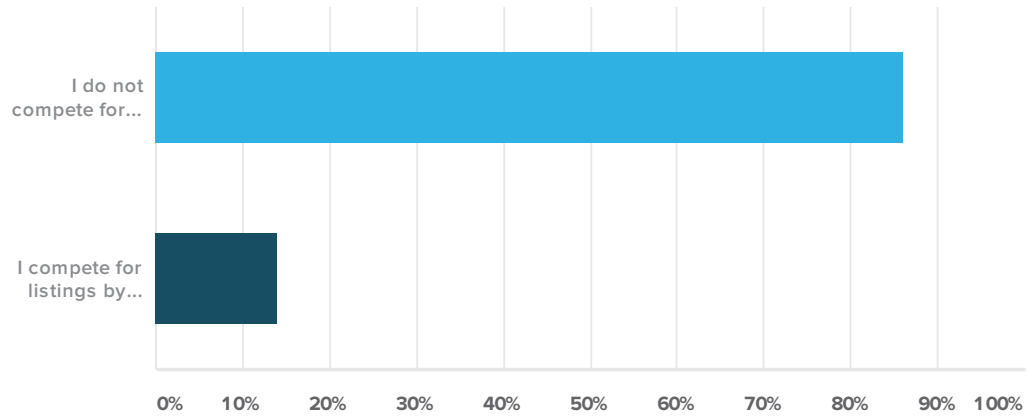
i *“If the market swings to discount brokers, more will follow,” one respondent said. “If you have to pay the bills and you continue to lose listings because you are full service, you are more likely going to start lowering your percent commission.”*

inman **SELECT**

COMMISSION SURVEY

Q1 Which best describes you:

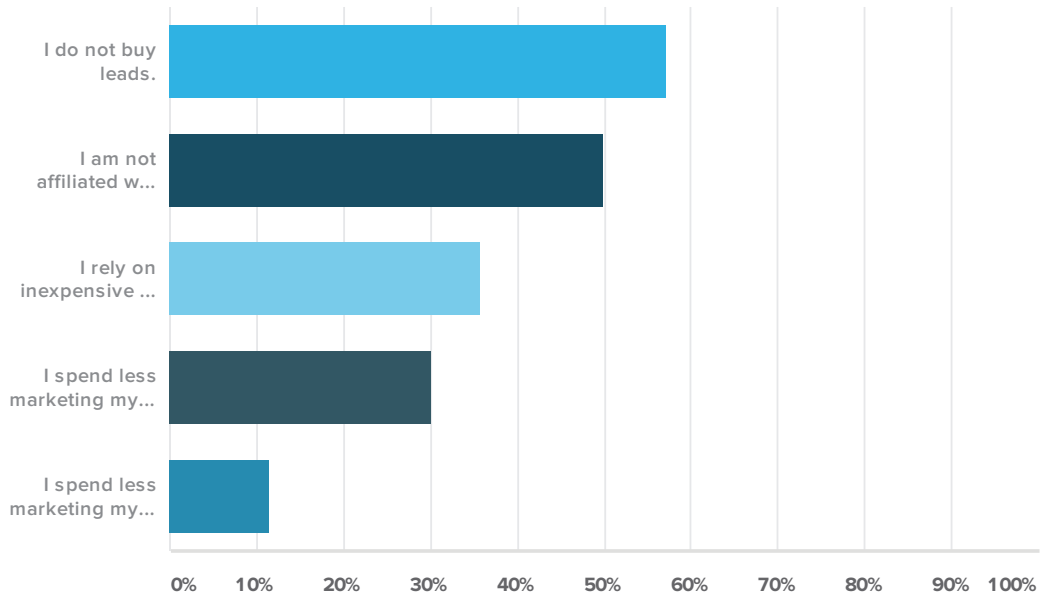
Answered: 725 Skipped: 0



Answer Choices	Responses
I do not compete for listings by publicizing my willingness to negotiate my commission, provide services to sellers at a reduced commission rate, or on a fee-for-services (à la carte or flat fee) basis.	86% 623
I compete for listings by publicizing my willingness to negotiate my commission, provide services to sellers at a reduced commission rate, or on a fee-for-services (à la carte or flat fee) basis.	14% 102
Total	725

Q3 I have lower marketing expenses than full-commission brokers or agents because (select all that apply):

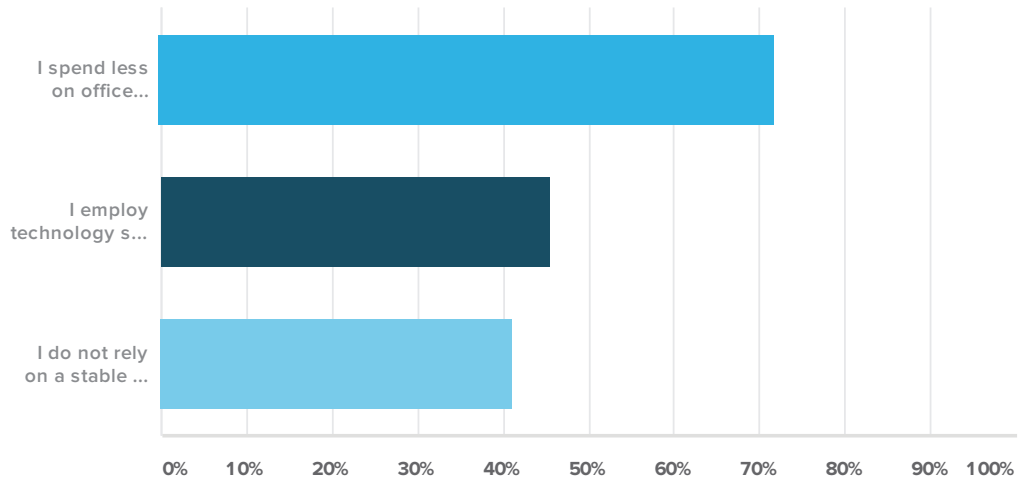
Answered: 70 Skipped: 655



Answer Choices	Responses
I do not buy leads.	57% 40
I am not affiliated with a real estate franchise brand.	50% 35
I rely on inexpensive or free online marketing channels such as social media, blogs, and email.	36% 25
I spend less marketing my own business and prospecting for clients.	30% 21
I spend less marketing my clients' listings.	11% 8
Total Respondents: 70	

Q4 I have lower overhead expenses than full-commission brokers or agents because (check all that apply):

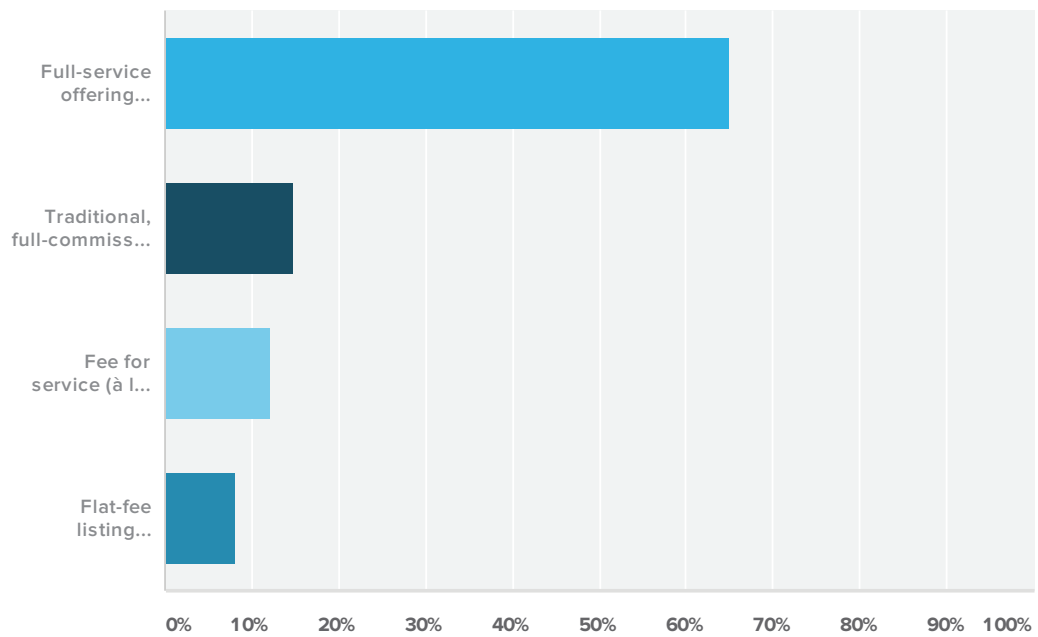
Answered: 68 Skipped: 657



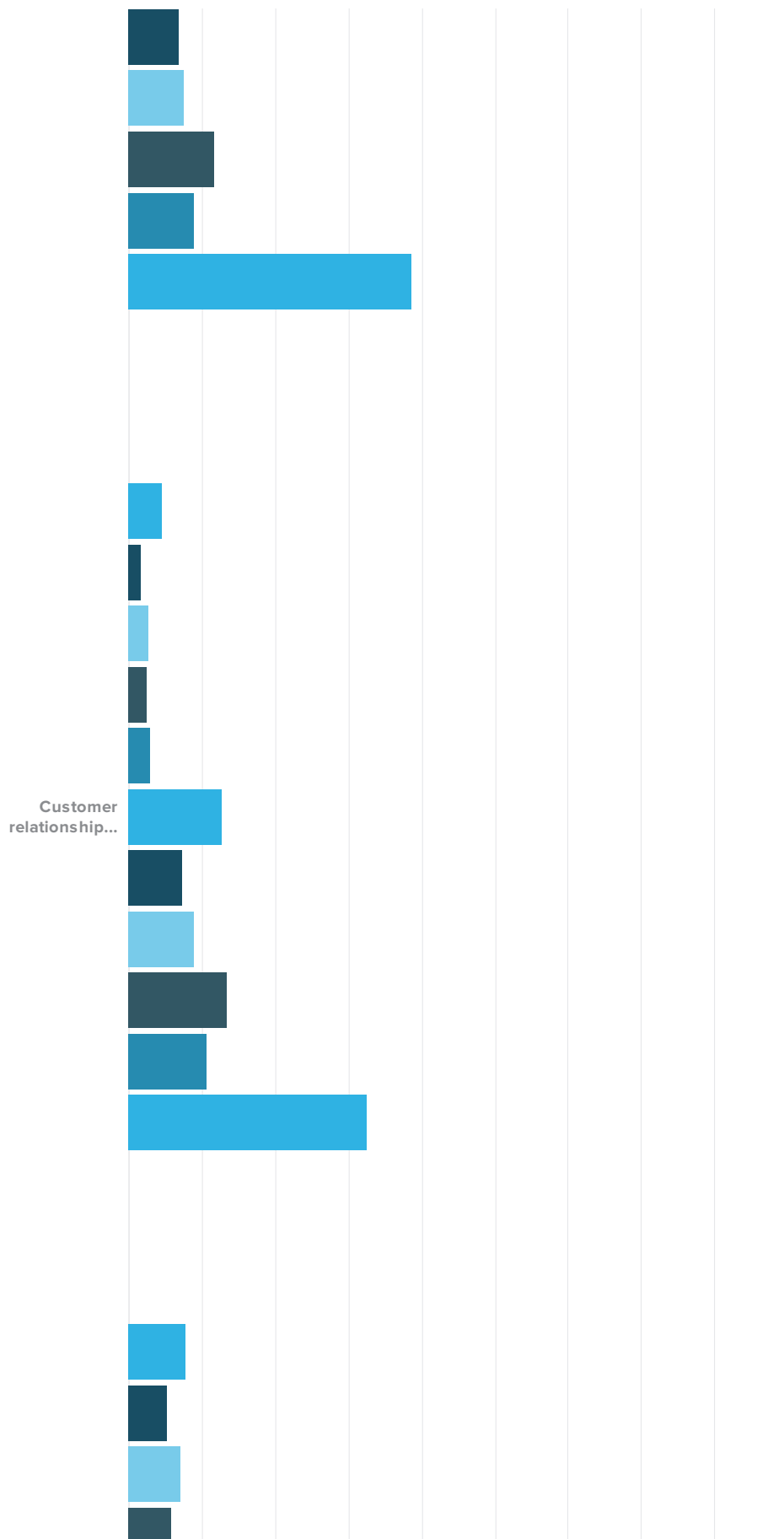
Answer Choices	Responses
I spend less on office space, equipment and support staff.	72.06% 49
I employ technology such as cloud-based services and data storage that reduce paperwork and other expenses.	45.59% 31
I do not rely on a stable of relatively unproductive agents to bring in business.	41.18% 28
Total Respondents: 68	

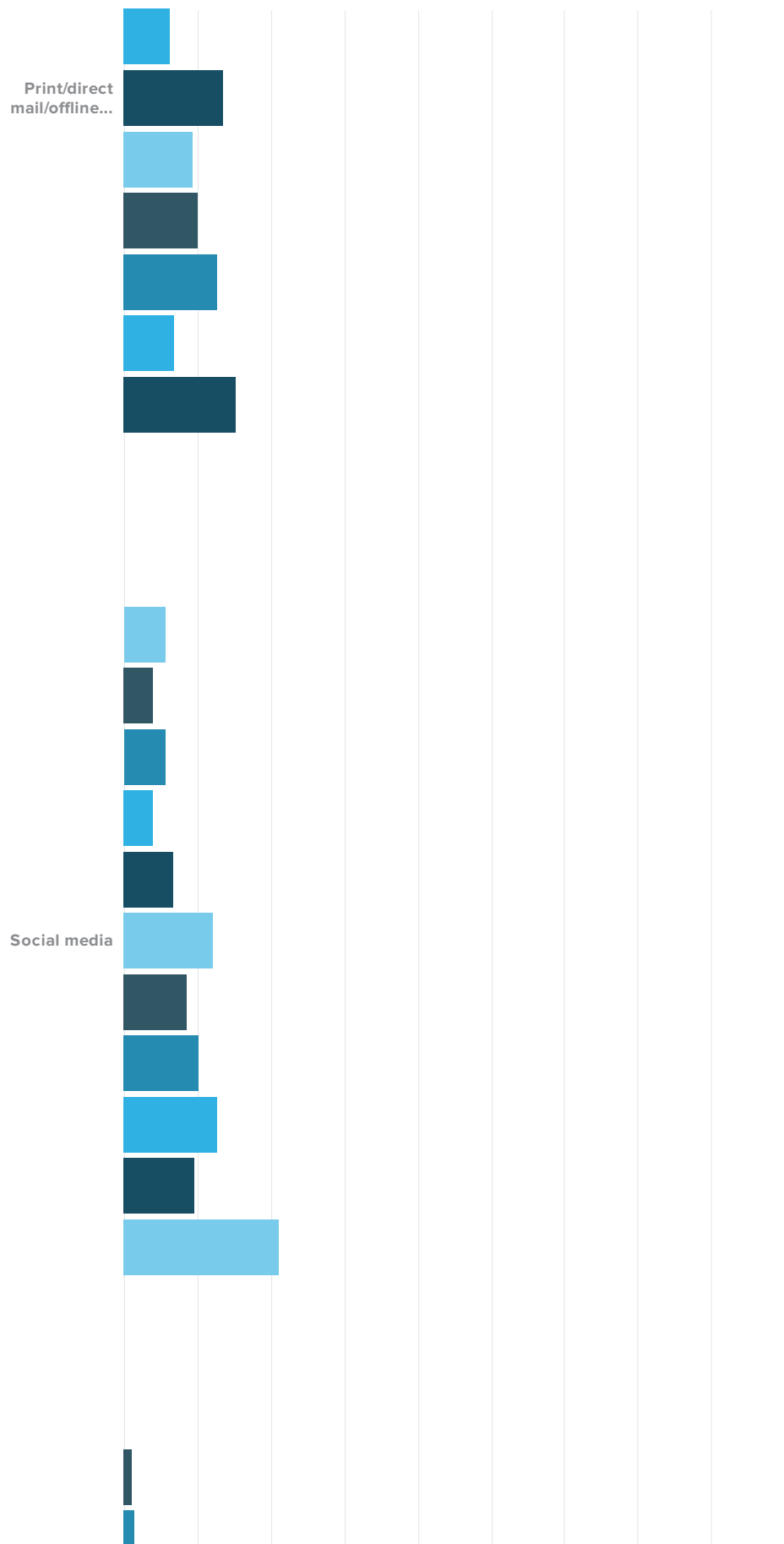
Q5 What best describes your business model (or your broker's business model)?

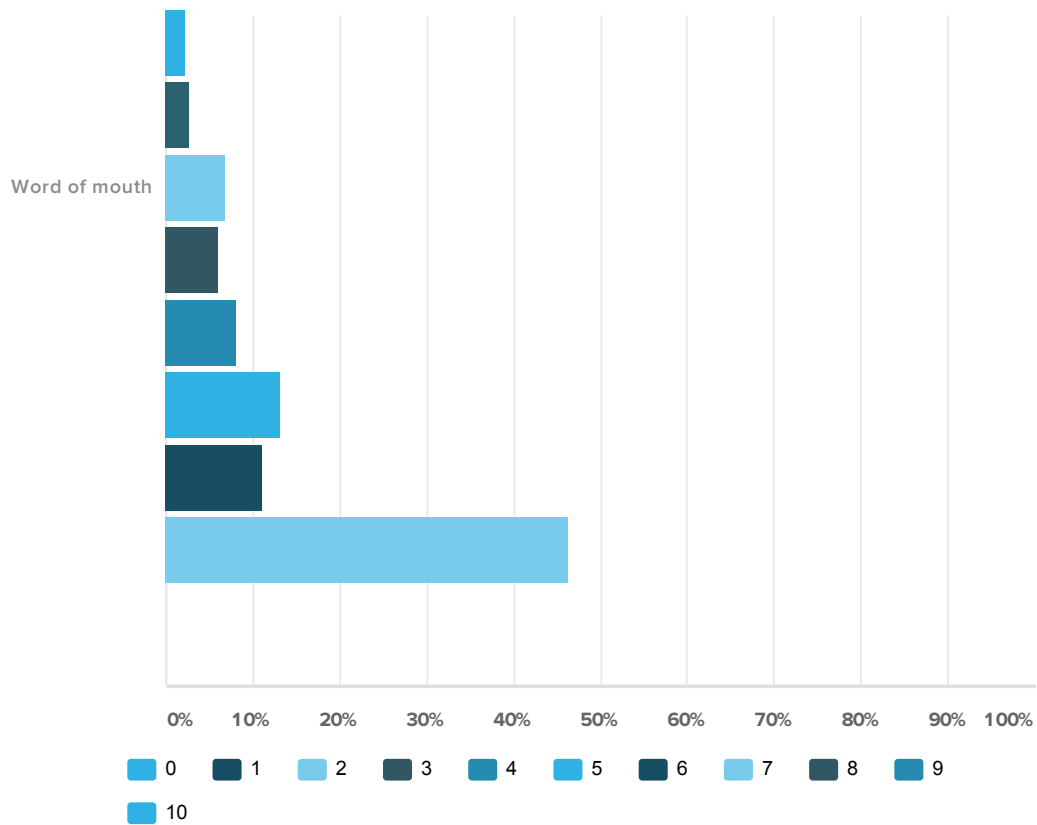
Answered: 74 Skipped: 651



Answer Choices	Responses	
Full-service offering commission discount.	64.86%	48
Traditional, full-commission.	14.86%	11
Fee for service (à la carte).	12.16%	9
Flat-fee listing (provide only limited services other than listing a property in the MLS and listing portals).	8.11%	6
Total		74



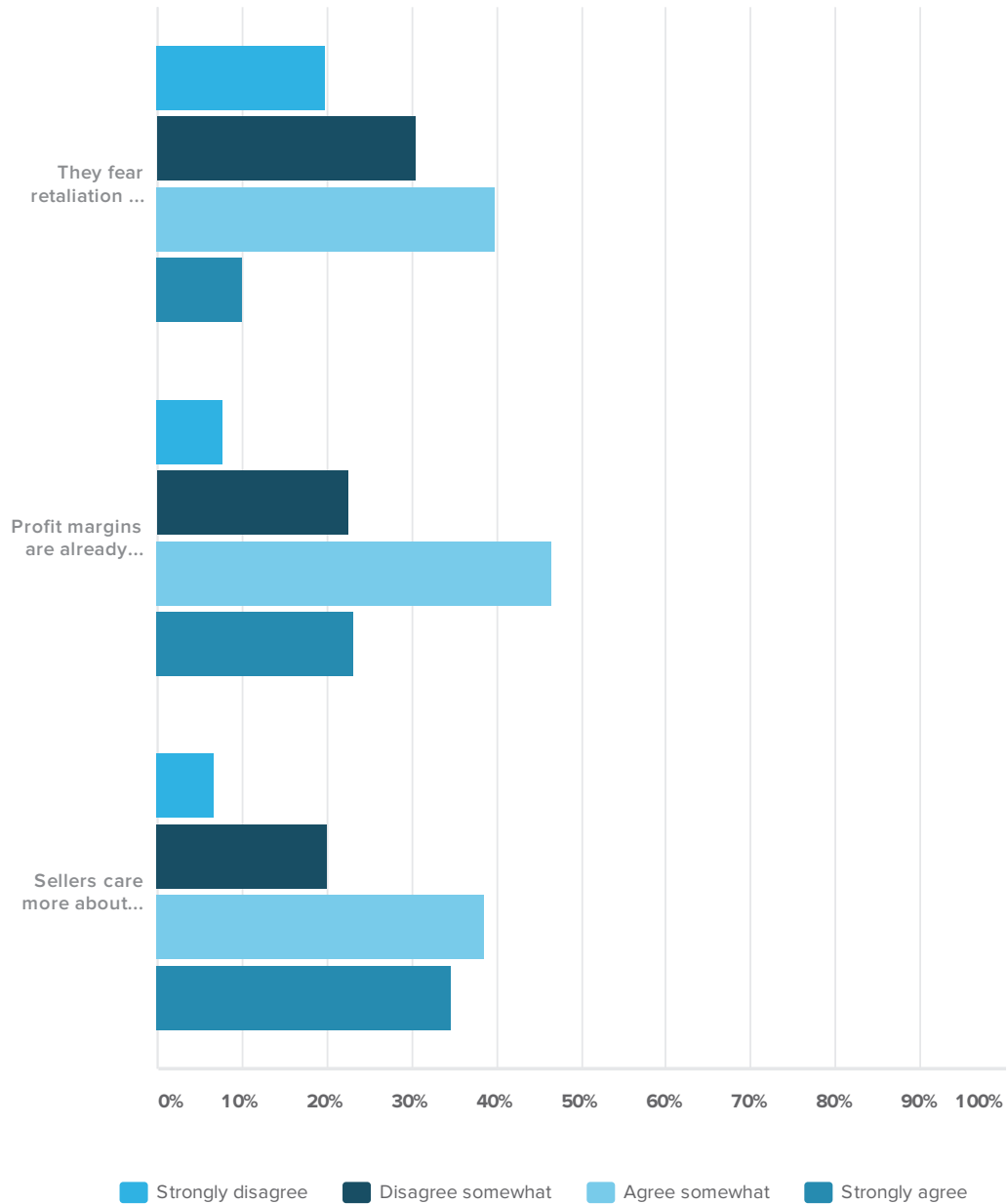




	0	1	2	3	4	5	6	7	8	9	10	Total
National listing portals	10% 49	4% 22	4% 19	3% 17	3% 15	8% 40	5% 26	8% 40	13% 66	6% 32	34% 168	494
Company/agent website	2% 11	2% 11	4% 18	4% 20	4% 20	10% 51	7% 34	8% 38	12% 59	9% 45	39% 194	501
Customer relationship management tools/drip email campaigns	5% 23	2% 8	3% 14	3% 13	3% 15	13% 64	7% 37	9% 45	13% 67	11% 53	32% 163	502
Print/direct mail/offline marketing campaigns	8% 38	5% 26	7% 35	6% 29	6% 31	14% 67	9% 47	10% 50	13% 63	7% 34	15% 75	495
Social media	6% 28	4% 19	6% 28	4% 19	7% 33	12% 59	9% 42	10% 50	13% 62	10% 47	21% 103	490
Word of mouth	1% 5	1% 7	1% 6	2% 11	3% 14	7% 34	6% 30	8% 40	13% 65	11% 55	46% 230	497

Q8 Would you agree or disagree that some brokers do not compete for listings by offering commission discounts because:

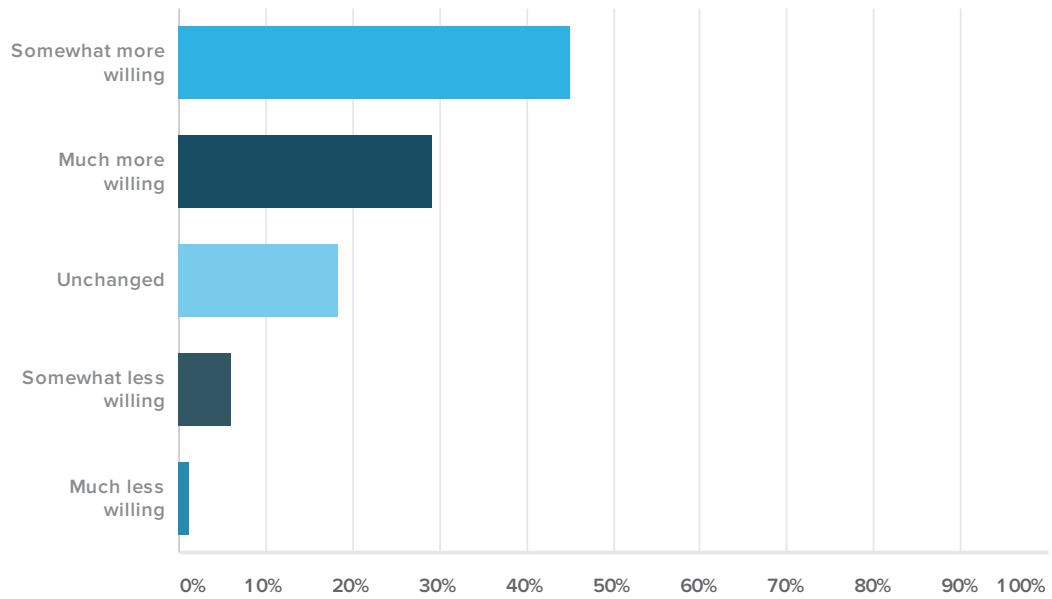
Answered: 542 Skipped: 183



	Strongly disagree	Disagree somewhat	Agree somewhat	Strongly agree	Total
They fear retaliation by cooperating brokers (refusal to show house to buyers).	20% 104	30% 159	40% 208	10% 52	523
Profit margins are already slim.	8% 40	22% 117	47% 243	23% 121	521
Sellers care more about getting top notch services and the best price for their home than saving a little on commission.	7% 36	20% 108	39% 208	35% 186	538

Q10 In the last 10 years, would you say listing brokers have become more, or less willing to negotiate their commissions with sellers?

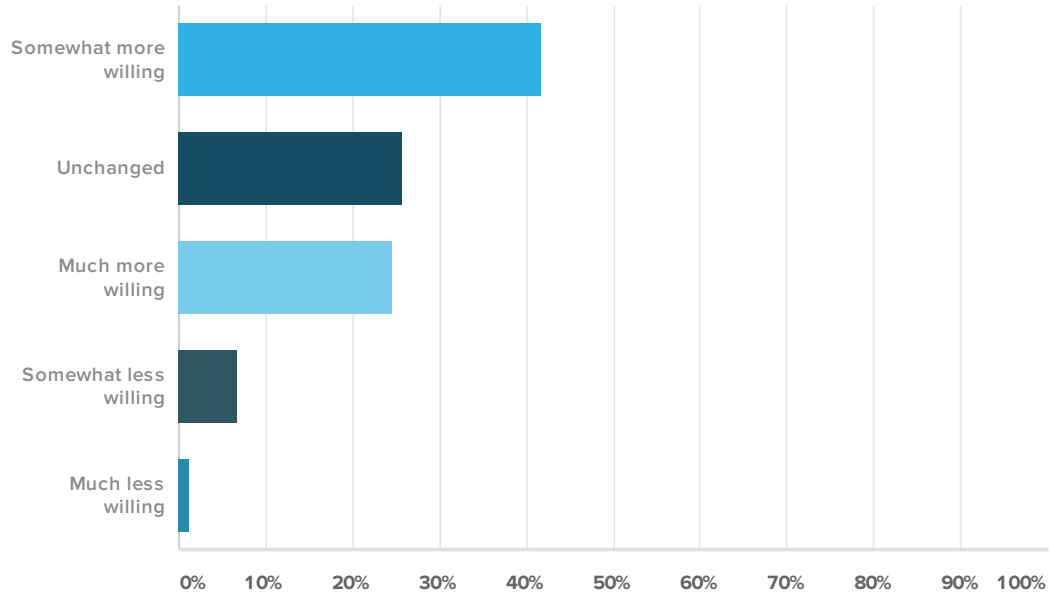
Answered: 545 Skipped: 180



Answer Choices	Responses
Somewhat more willing	45% 246
Much more willing	29% 159
Unchanged	18% 100
Somewhat less willing	6% 33
Much less willing	1% 7
Total	545

Q11 In the last year, would you say listing brokers have become more, or less willing to negotiate their commissions with sellers?

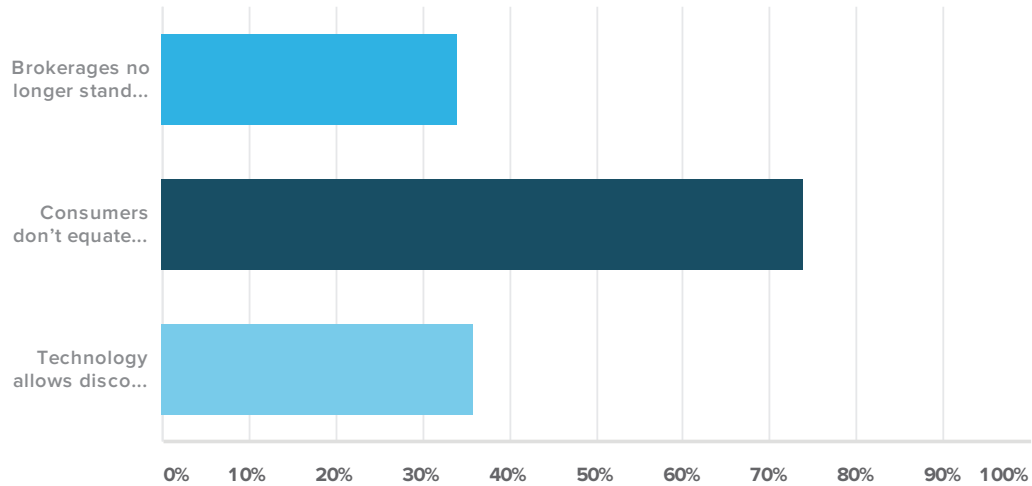
Answered: 326 Skipped: 399



Answer Choices	Responses	
Somewhat more willing	42%	136
Unchanged	26%	84
Much more willing	25%	80
Somewhat less willing	7%	22
Much less willing	1%	4
Total		326

Q12 In your opinion, have brokers become more willing to negotiate their commissions with sellers because (choose all that apply):

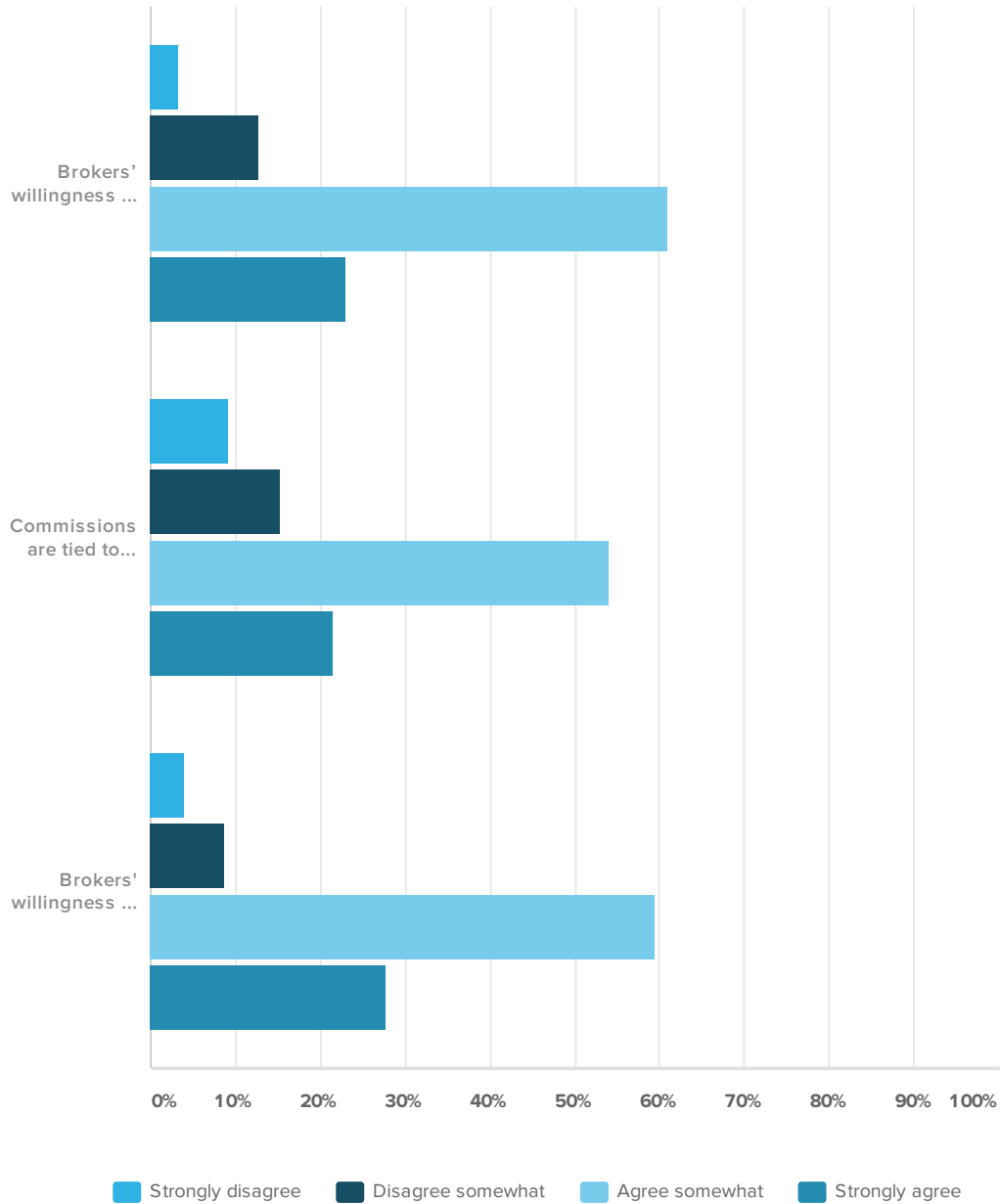
Answered: 296 Skipped: 429



Answer Choices	Responses
Brokerages no longer stand together in refusing to cooperate with competitors that provide services at reduced commissions.	34% 101
Consumers don't equate reduced commissions with a reduced or inferior level of service.	74% 219
Technology allows discount brokers to reduce their expenses while still providing services that are as good or better than full-commission competitors.	36% 106
Total Respondents: 296	

Q13 Would you agree or disagree that:

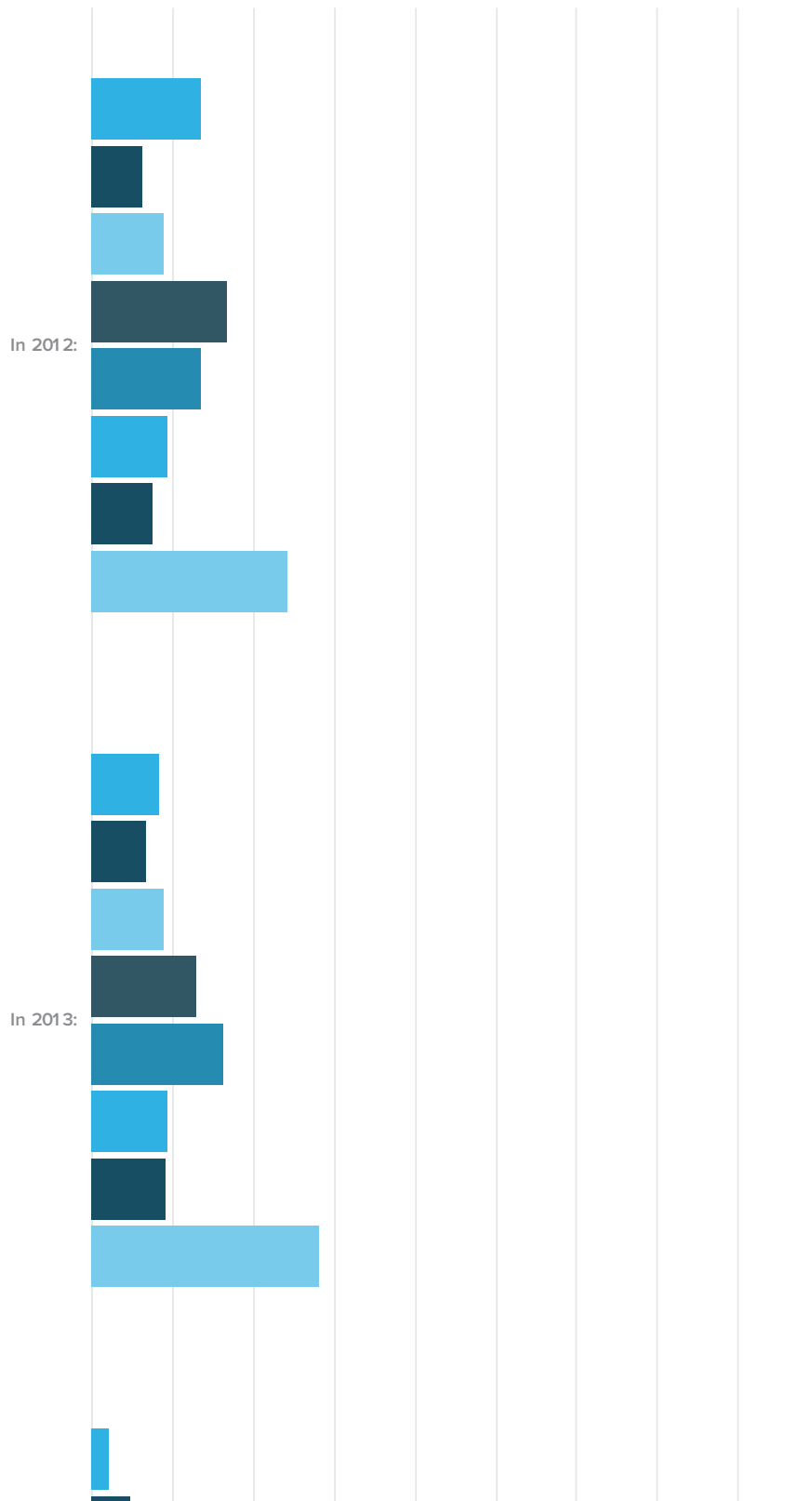
Answered: 339 Skipped: 386

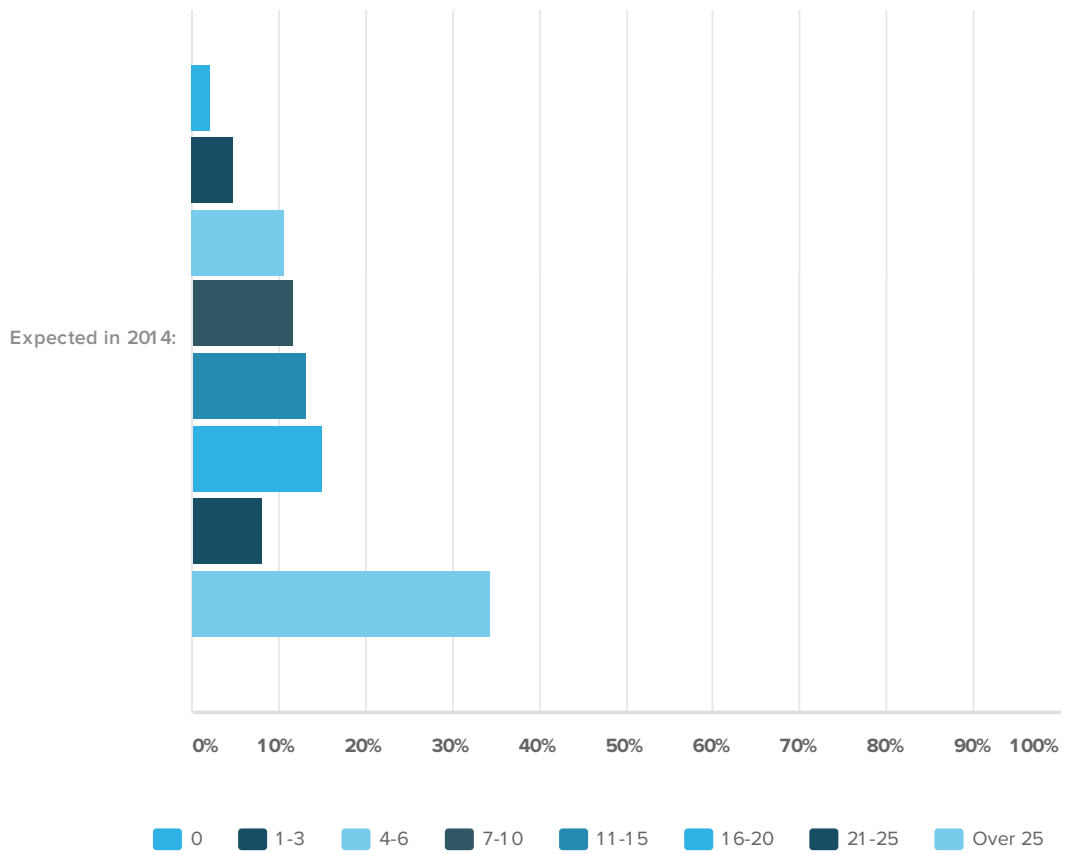


	Strongly disagree	Disagree somewhat	Agree somewhat	Strongly agree	Total
Brokers' willingness to represent sellers at a reduced commission is cyclical. When listings are scarce, brokers are more open to sellers' attempts to negotiate a reduced commission.	3% 11	13% 43	61% 204	23% 77	335
Commissions are tied to list price. The greater a home's list price, the more willing a broker will be to negotiate a lower commission rate.	9% 31	15% 51	54% 181	21% 72	335
Brokers' willingness to negotiate their commission depends on how much competition there is between brokers in a particular market.	4% 13	9% 29	60% 199	28% 93	334

Q15 How many transaction sides did you (personally) close:

Answered: 348 Skipped: 377

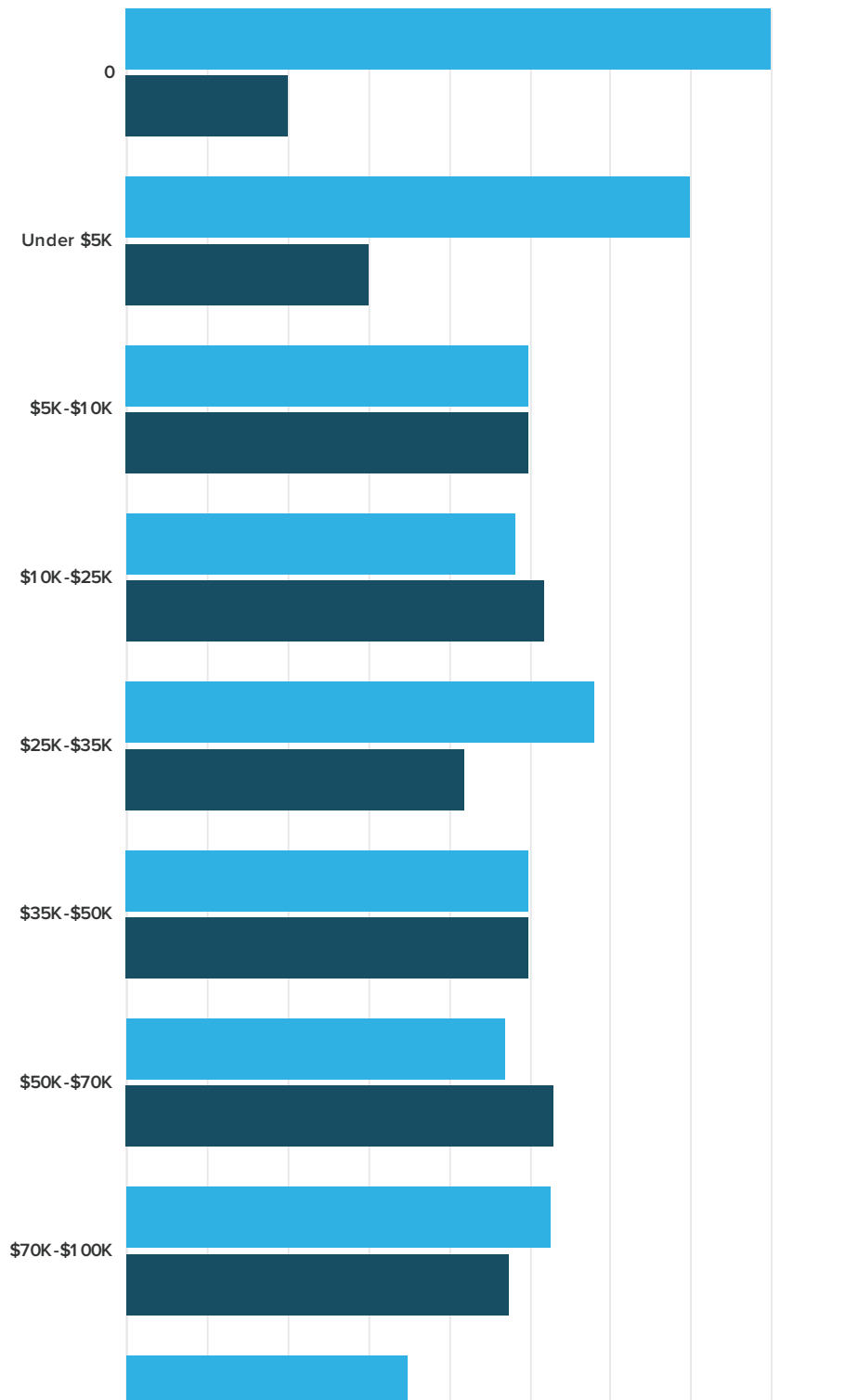


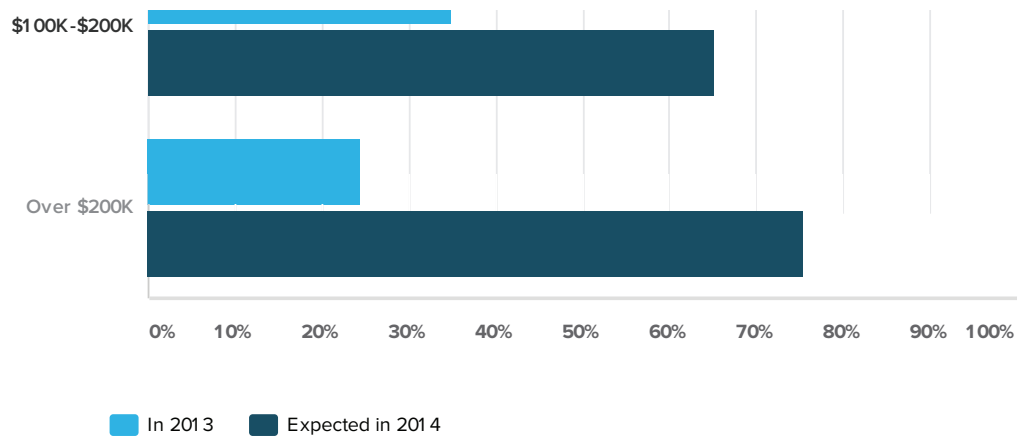


	0	1-3	4-6	7-10	11-15	16-20	21-25	Over 25	Total
In 2012:	13.51% 47	6.32% 22	8.91% 31	16.67% 58	13.51% 47	9.48% 33	7.47% 26	24.14% 84	348
In 2013:	8.33% 29	6.61% 23	8.91% 31	12.93% 45	16.38% 57	9.48% 33	9.20% 32	28.16% 98	348
Expected in 2014:	2.01% 7	4.89% 17	10.63% 37	11.78% 41	13.22% 46	14.94% 52	8.05% 28	34.48% 120	348

Q16 Your individual gross income from real estate work (before taxes):

Answered: 348 Skipped: 377

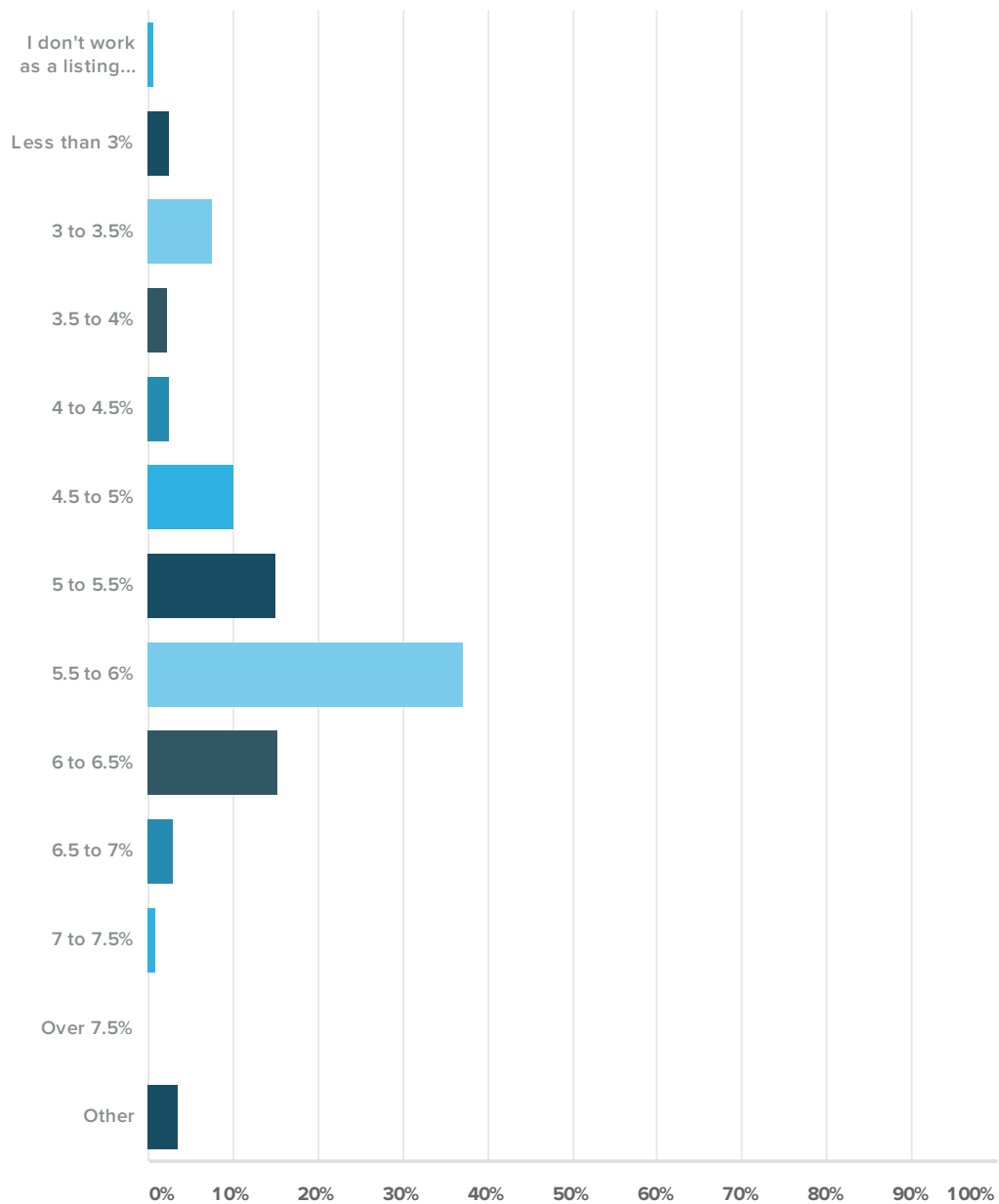




	In 2013	Expected in 2014	Total
0	80% 24	20% 6	30
Under \$5K	70% 7	30% 3	10
\$5K-\$10K	50% 7	50% 7	14
\$10K-\$25K	48% 14	52% 15	29
\$25K-\$35K	58% 29	42% 21	50
\$35K-\$50K	50% 36	50% 36	72
\$50K-\$70K	47% 31	53% 35	66
\$70K-\$100K	53% 49	47% 44	93
\$100K-\$200K	35% 43	65% 80	123
Over \$200K	24% 21	76% 65	86

Q17 As a listing agent, which of the following best describes the total commission rate (both buyer and seller sides) you charge for your services?

Answered: 348 Skipped: 377

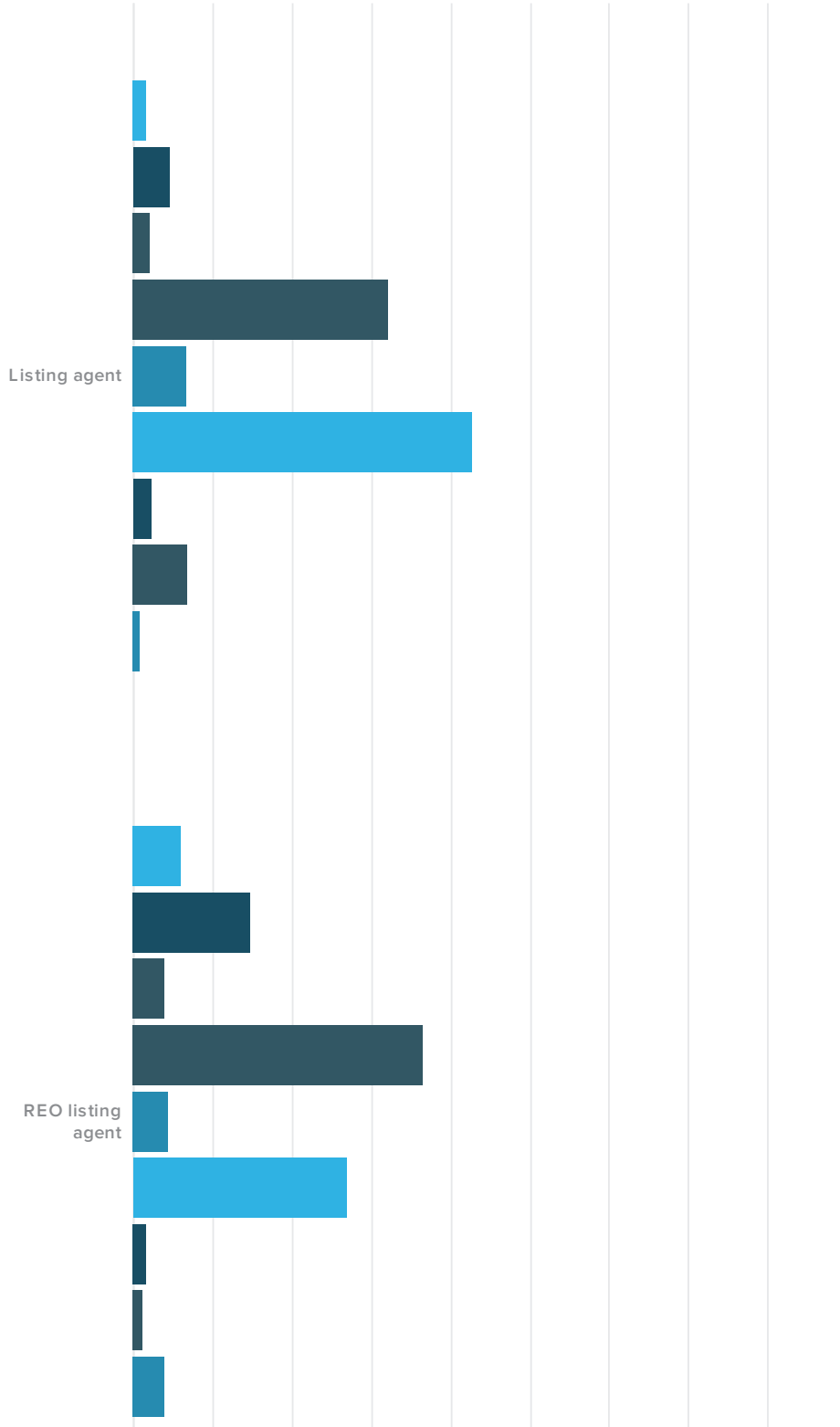


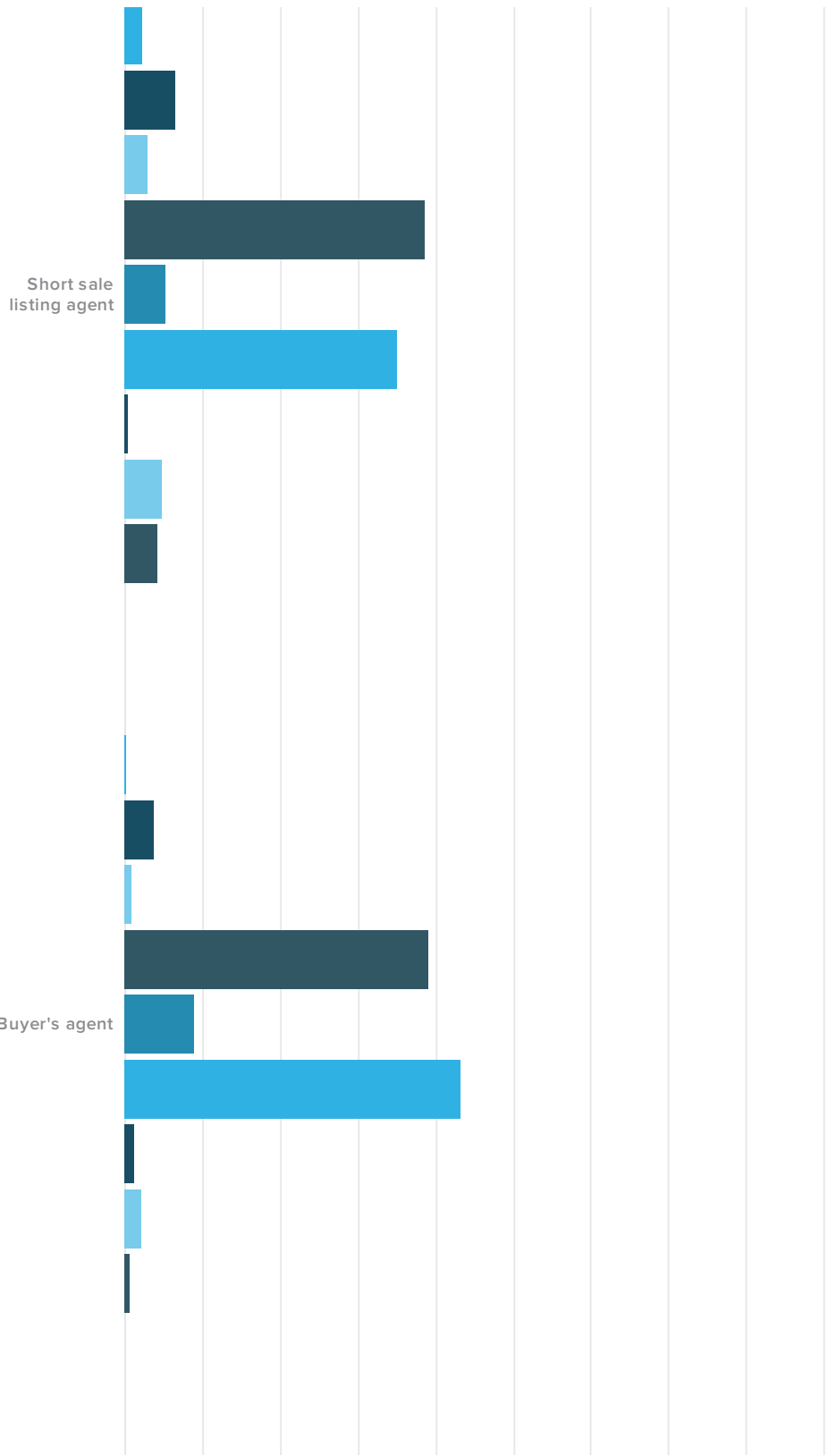
Answer Choices	Responses	Count
I don't work as a listing agent.	0.57%	2
Less than 3%	2.59%	9
3 to 3.5%	7.47%	26

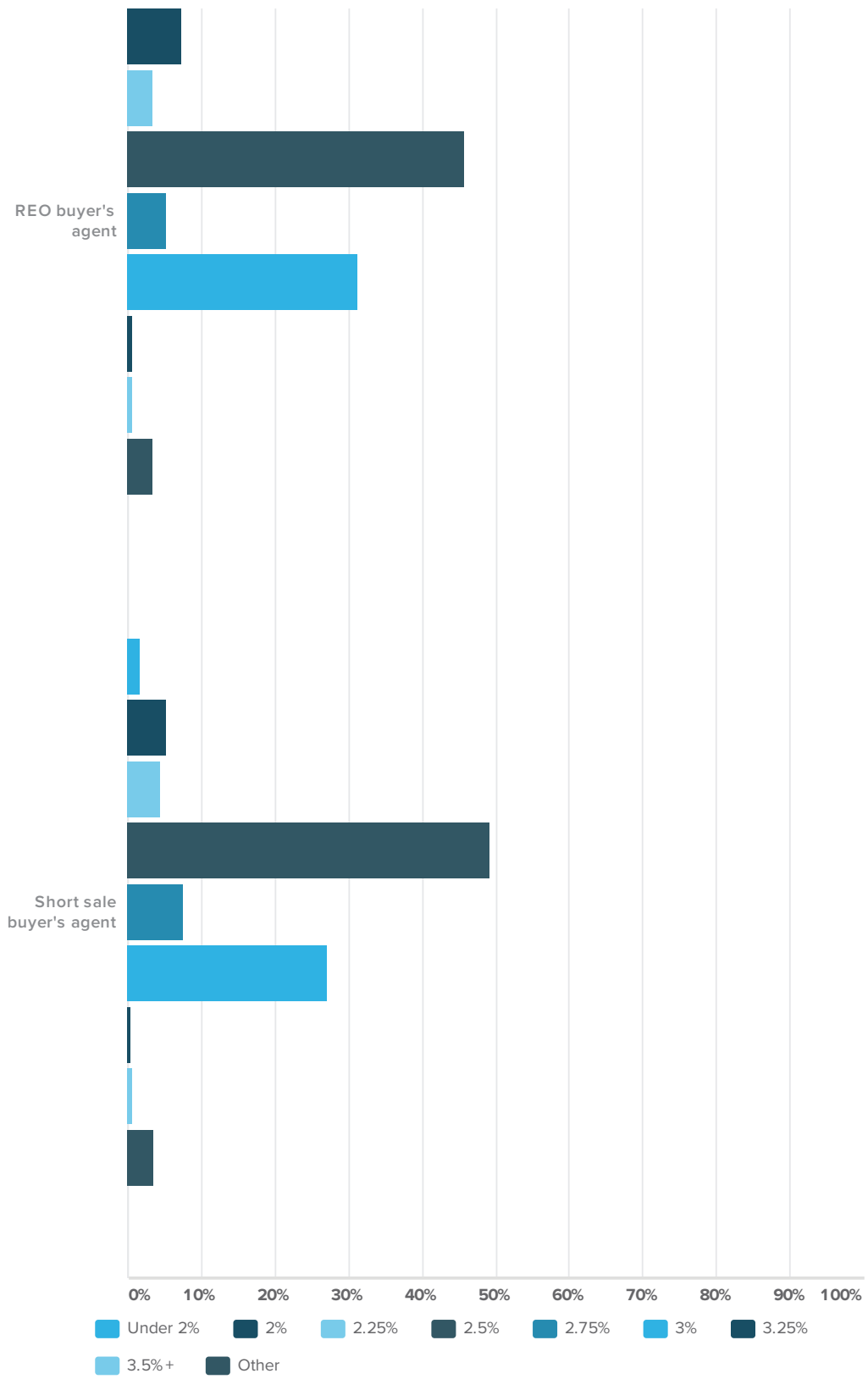
Answer Choices	Responses	
4 to 4.5%	2.59%	9
4.5 to 5%	10.06%	35
5 to 5.5%	14.94%	52
5.5 to 6%	37.07%	129
6 to 6.5%	15.23%	53
6.5 to 7%	2.87%	10
7 to 7.5%	0.86%	3
Over 7.5%	0.00%	0
Other	3.45%	12
Total		348

Q18 Which of the following best describes the typical compensation (as a % of sale price) for a single transaction side, in your market area, for:

Answered: 348 Skipped: 377



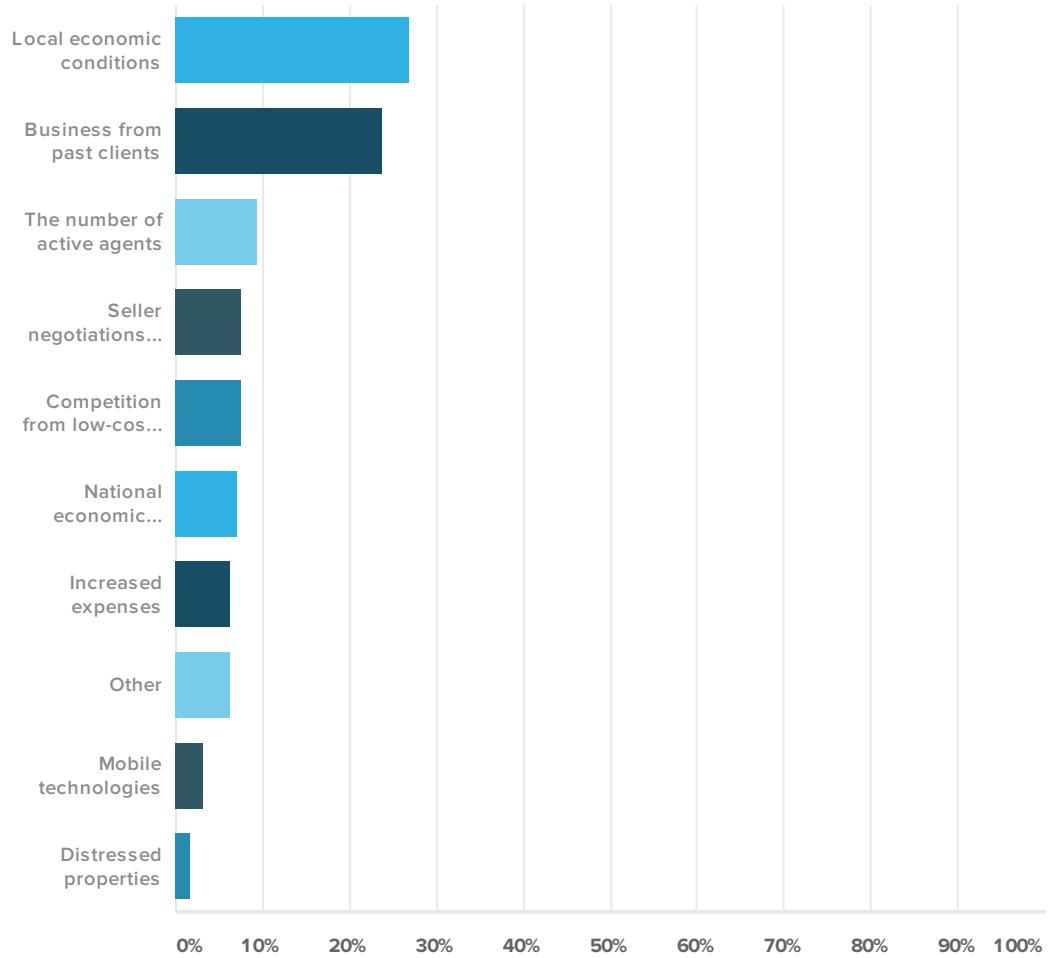




	Under 2%	2%	2.25%	2.5%	2.75%	3%	3.25%	3.5%+	Other	Total
Listing agent	2% 6	5% 16	2% 7	32% 112	7% 23	43% 149	2% 8	7% 24	1% 3	348
REO listing agent	6% 18	15% 44	4% 12	36% 108	4% 13	27% 80	2% 5	1% 4	4% 12	296
Short sale listing agent	2% 7	6% 20	3% 9	39% 119	5% 16	35% 108	0% 1	5% 15	4% 13	308
Buyer's agent	0% 1	4% 13	1% 3	39% 134	9% 31	43% 148	1% 4	2% 7	1% 2	343
REO buyer's agent	3% 8	7% 22	3% 10	46% 139	5% 16	31% 95	1% 2	1% 2	3% 10	304
Short sale buyer's agent	2% 5	5% 16	4% 13	49% 149	8% 23	27% 82	0% 1	1% 2	4% 11	302

Q20 In 2015, what will have the most impact on your compensation/income?

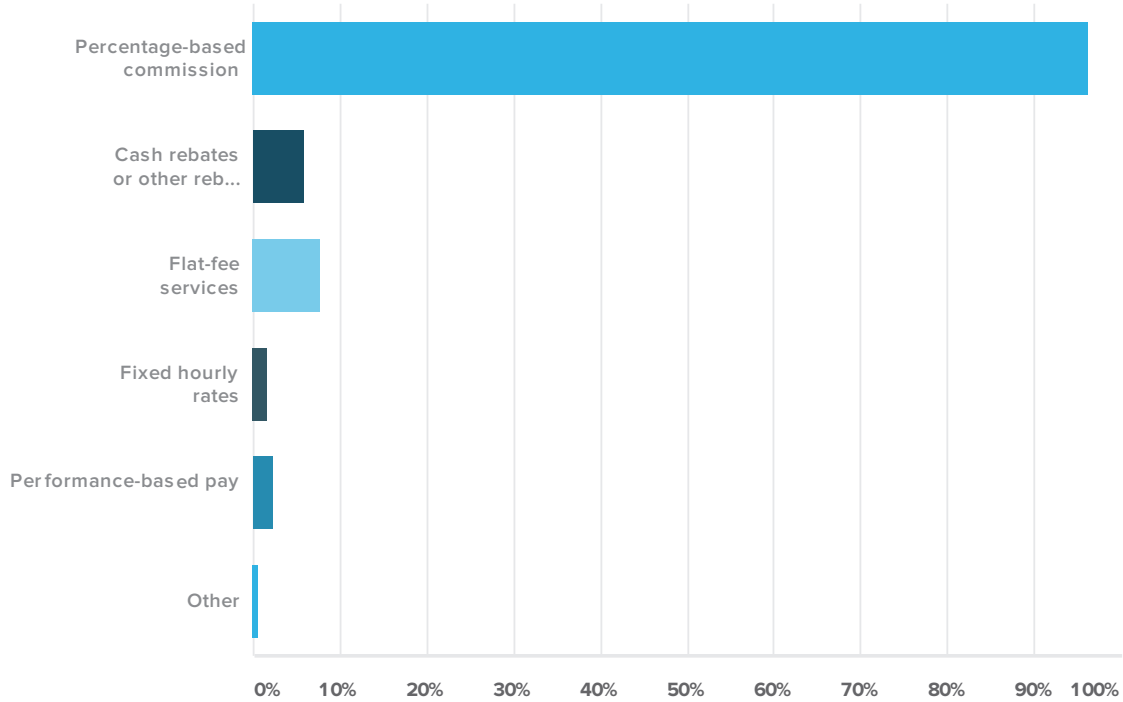
Answered: 348 Skipped: 377



Answer Choices	Responses	Count
Local economic conditions	27%	94
Business from past clients	24%	83
The number of active agents	9%	33
Seller negotiations related to compensation	7%	26
Competition from low-cost brokers	7%	26
National economic conditions	7%	25
Increased expenses	6%	22
Other	6%	22
Mobile technologies	3%	11
Distressed properties	2%	6
Total		348

Q21 What type of fee structure do you offer for your real estate services? (Choose all that apply.)

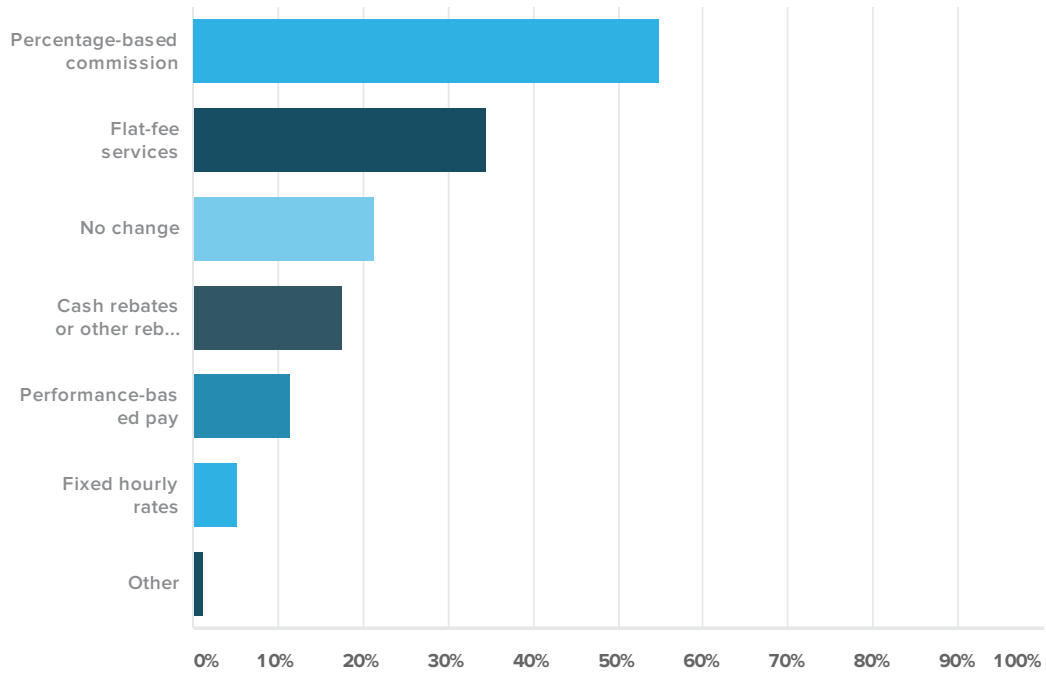
Answered: 348 Skipped: 377



Answer Choices	Responses
Percentage-based commission	96.26% 335
Cash rebates or other rebate incentives	5.75% 20
Flat-fee services	7.76% 27
Fixed hourly rates	1.72% 6
Performance-based pay	2.30% 8
Other	0.57% 2
Total Respondents: 348	

Q22 What type (or types) of fee structure for real estate services do you believe will become more popular within the next 5 years? (Choose all that apply.)

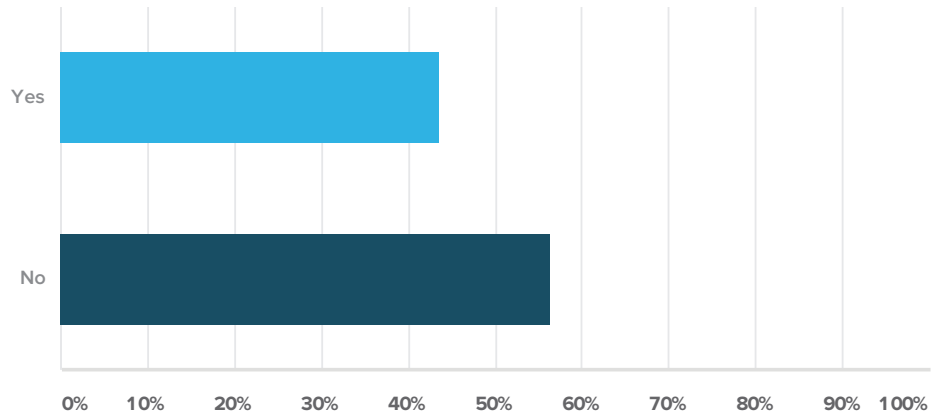
Answered: 348 Skipped: 377



Answer Choices	Responses
Percentage-based commission	55% 191
Flat-fee services	34% 120
No change	21% 74
Cash rebates or other rebate incentives	18% 61
Performance-based pay	11% 40
Fixed hourly rates	5% 18
Other	1% 4
Total Respondents: 348	

Q23 In 2014, were sellers more likely to negotiate commission/compensation with you than they were in 2013?

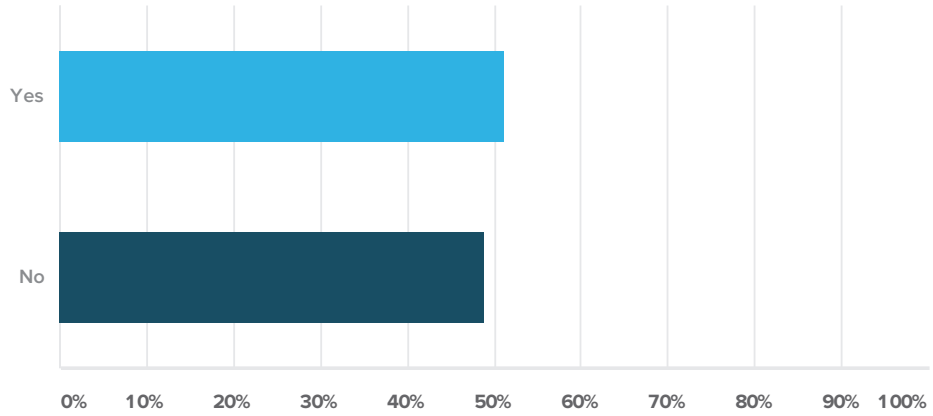
Answered: 348 Skipped: 377



Answer Choices	Responses	
Yes	44%	152
No	56%	196
Total		348

Q24 In 2015, do you believe sellers will be more likely to negotiate commission/compensation with you than they were in in 2014?

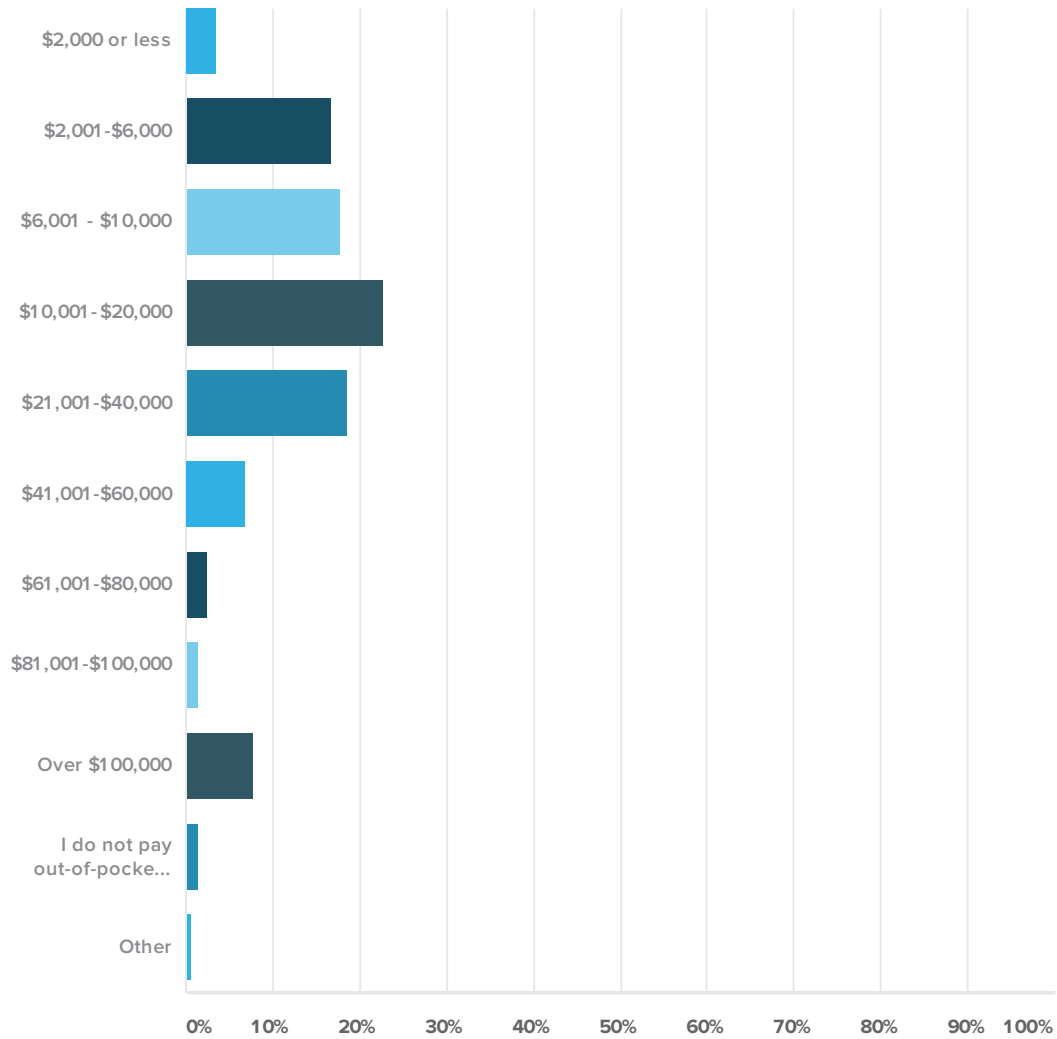
Answered: 348 Skipped: 377



Answer Choices	Responses	
Yes	51.15%	178
No	48.85%	170
Total		348

Q25 What are your annual individual paid out-of-pocket operating expenses?

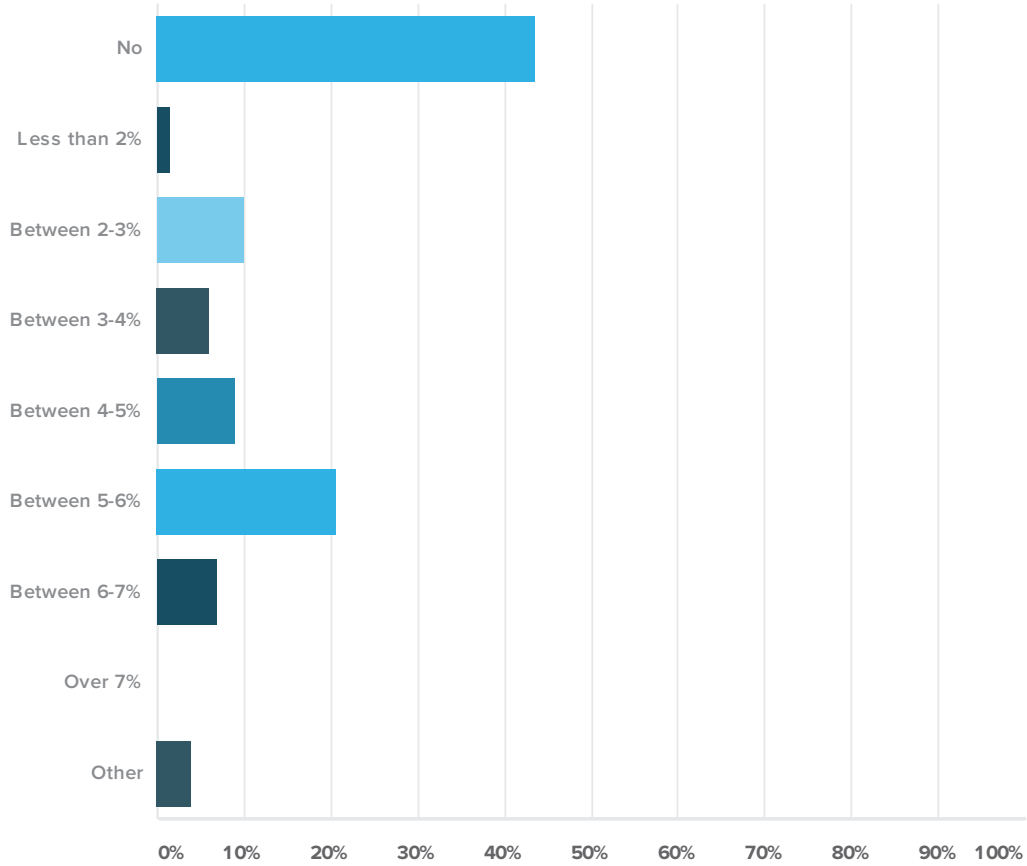
Answered: 348 Skipped: 377



Answer Choices	Responses	Count
\$2,000 or less	3%	12
\$2,001-\$6,000	17%	58
\$6,001 - \$10,000	18%	62
\$10,001-\$20,000	23%	79
\$21,001-\$40,000	19%	65
\$41,001-\$60,000	7%	24
\$61,001-\$80,000	3%	9
\$81,001-\$100,000	1%	5
Over \$100,000	8%	27
I do not pay out-of-pocket operating expenses	1%	5
Other	1%	2
Total		348

Q26 Does your broker require a minimum total commission level to list homes for sellers? If yes then what percent?

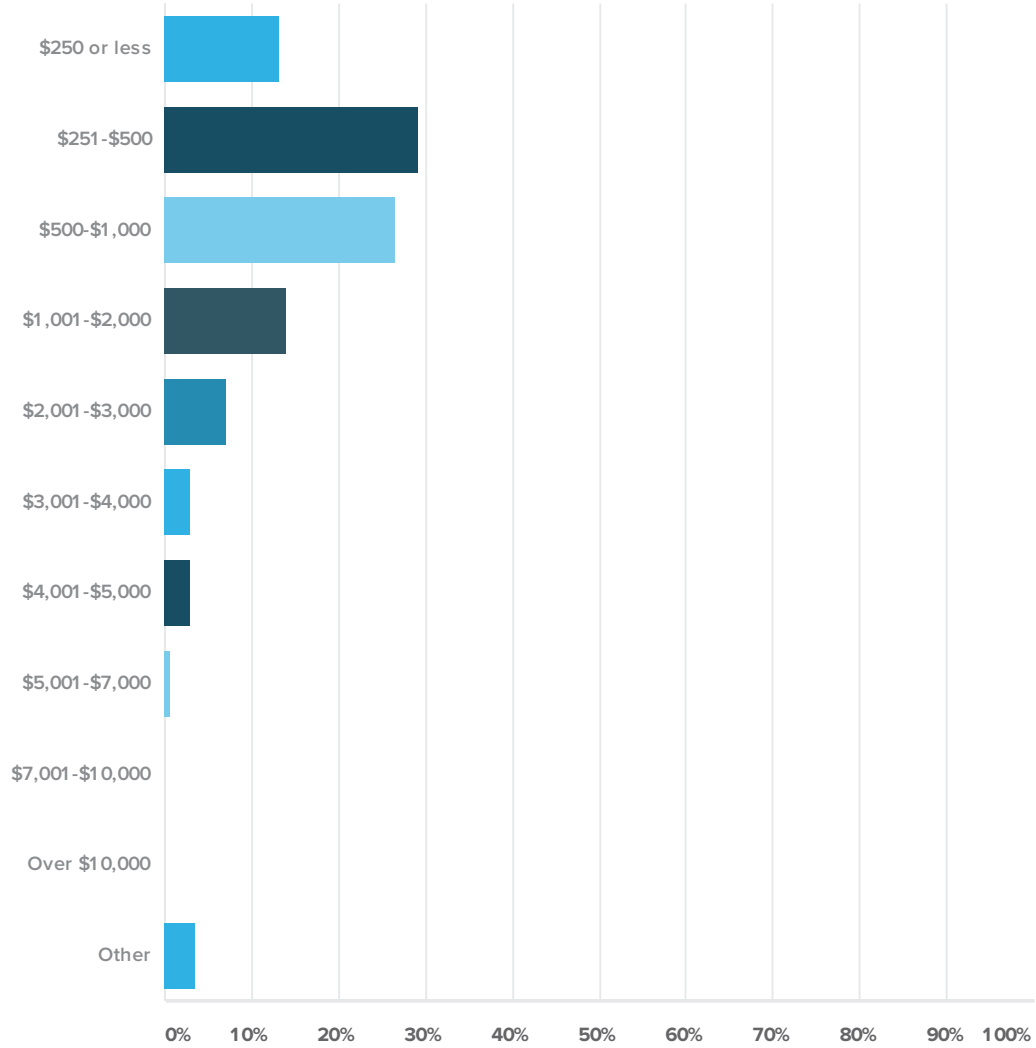
Answered: 348 Skipped: 377



Answer Choices	Responses	Count
No	44%	152
Less than 2%	1%	5
Between 2-3%	10%	35
Between 3-4%	6%	21
Between 4-5%	9%	31
Between 5-6%	21%	72
Between 6-7%	7%	24
Over 7%	0%	0
Other	4%	14
Total Respondents: 348		

Q27 How much do you (if applicable), or listing agents in your market area, typically spend to market and advertise a home listing?

Answered: 348 Skipped: 377

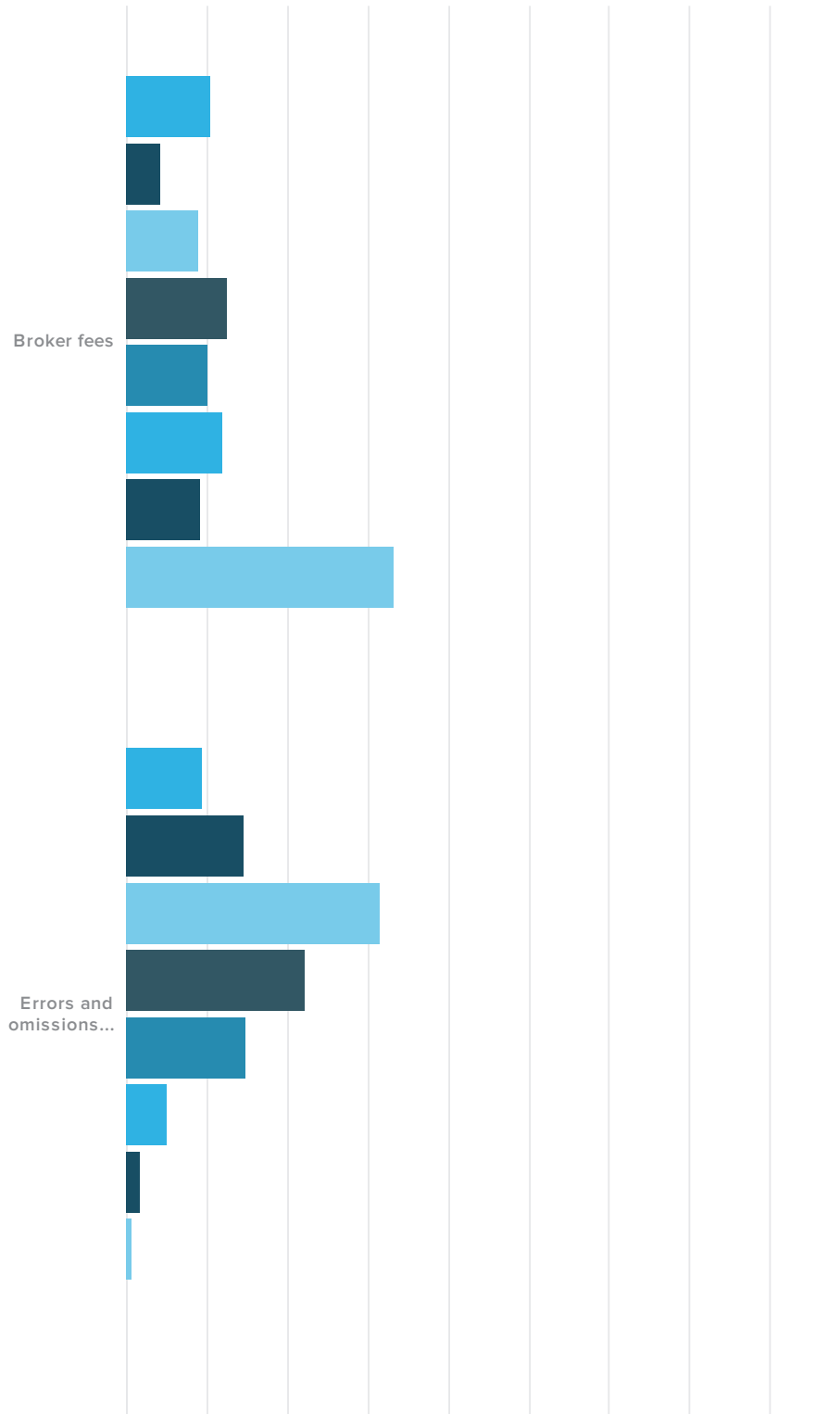


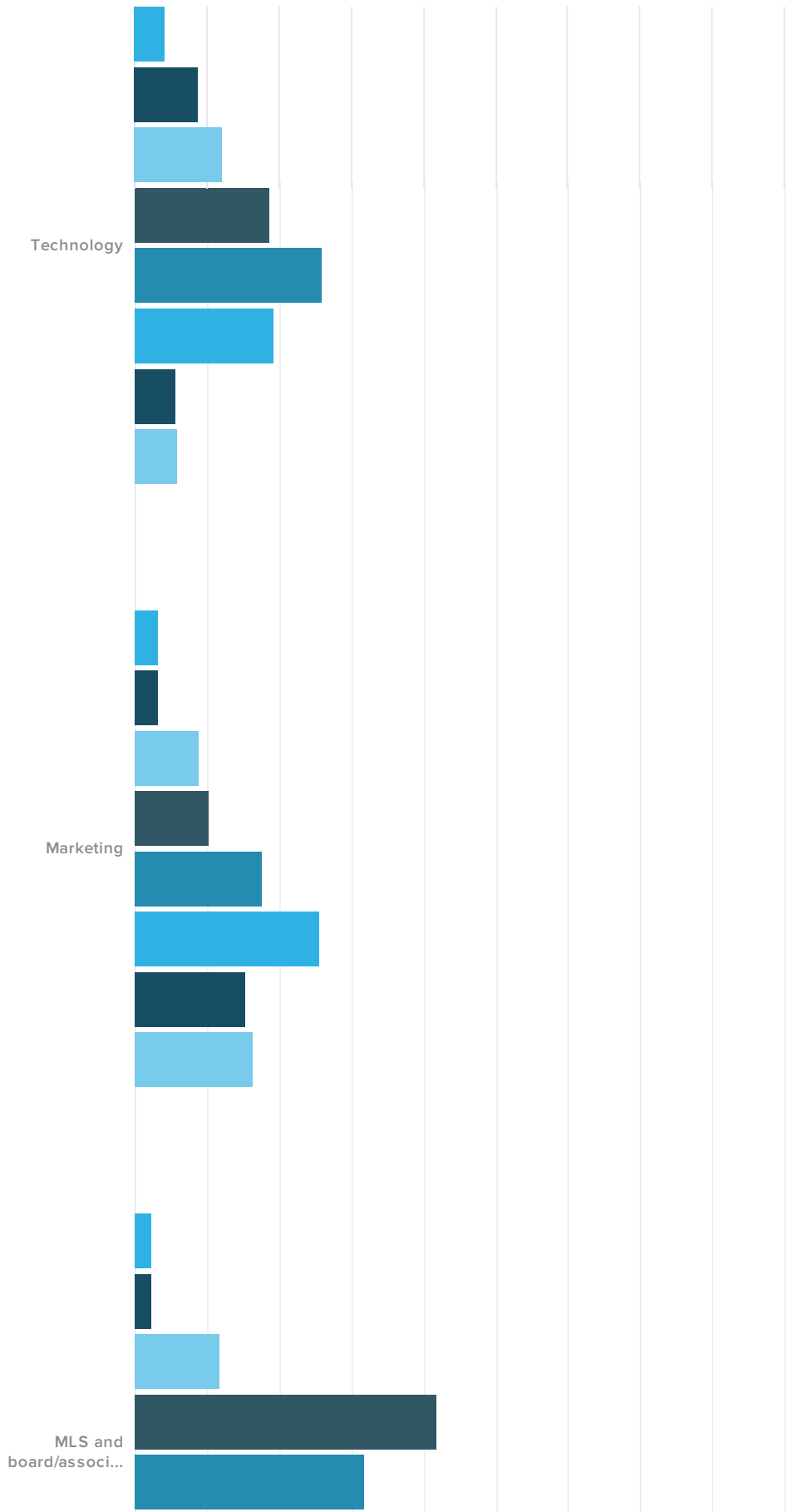
Answer Choices	Responses
\$250 or less	13% 46
\$251-\$500	29% 102
\$500-\$1,000	26% 92
\$1,001-\$2,000	14% 49
\$2,001-\$3,000	7% 25
\$3,001-\$4,000	3% 10

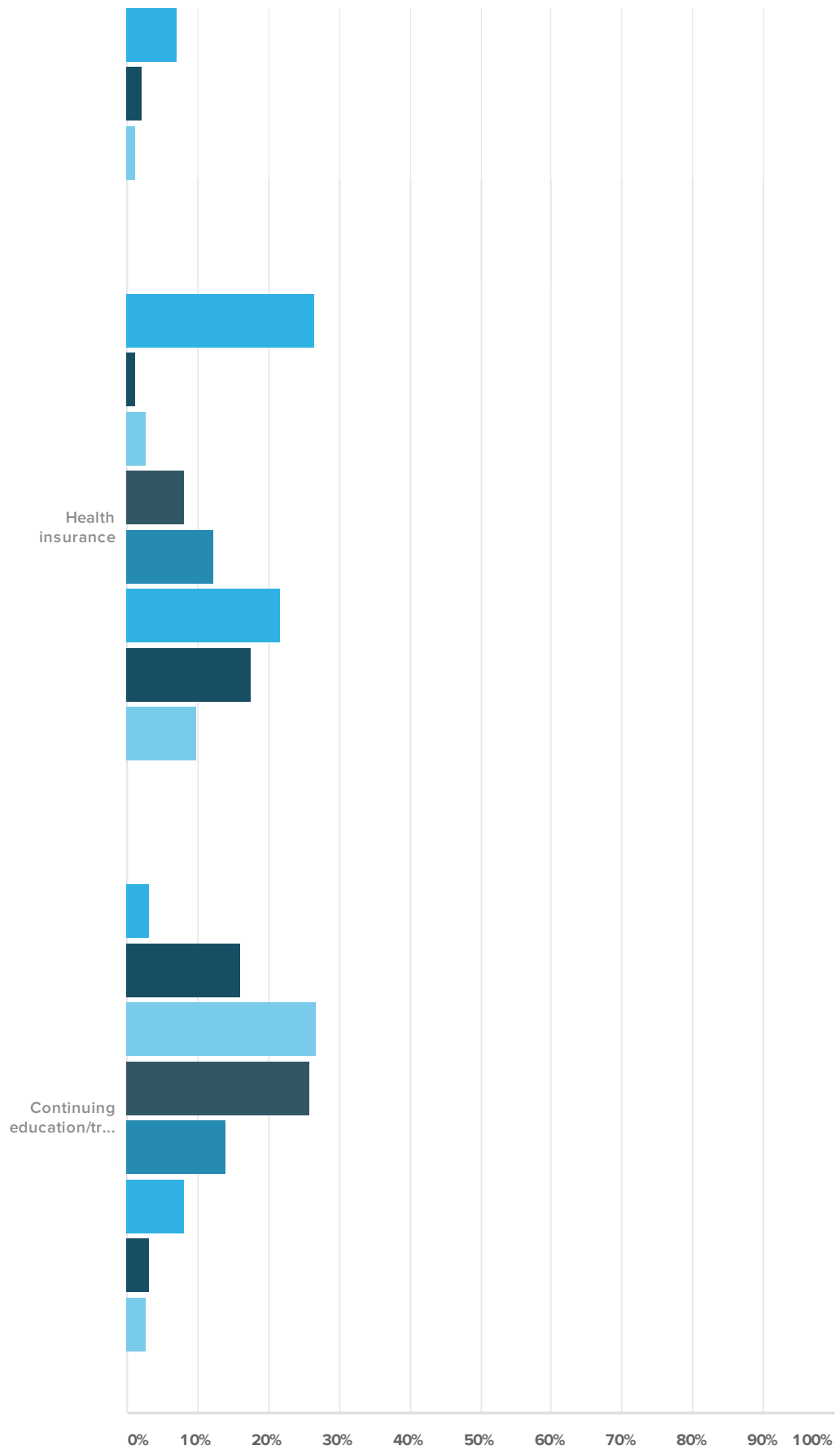
\$4,001-\$5,000	3%	10
\$5,001-\$7,000	1%	2
\$7,001-\$10,000	0%	0
Over \$10,000	0%	0
Other	3%	12
Total		348

Q28 How much do you estimate you pay per year for your individual:

Answered: 348 Skipped: 377





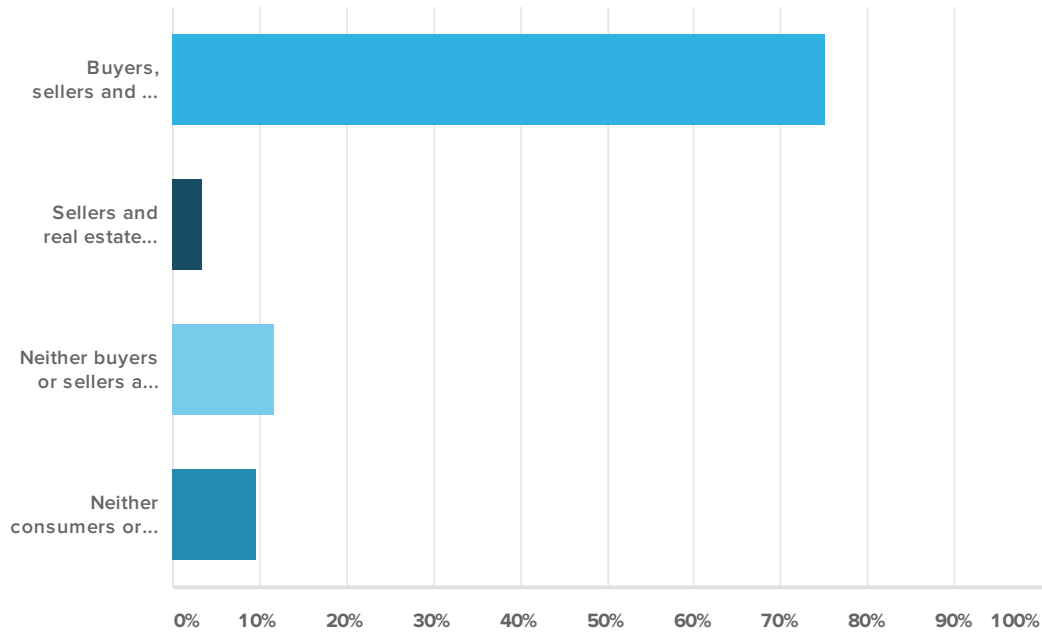


■ \$0
 ■ \$250 or less
 ■ \$251-\$500
 ■ \$501-\$1K
 ■ \$1K-\$2K
 ■ \$2K-\$5K
■ \$5K-\$10K
 ■ Over \$10K

	\$0	\$250 or less	\$251-\$500	\$501-\$1K	\$1K-\$2K	\$2K-\$5K	\$5K-\$10K	Over \$10K	Total
Broker fees	10% 35	4% 14	9% 30	12% 42	10% 34	12% 40	9% 31	33% 112	338
Errors and omissions insurance coverage	9% 32	15% 50	32% 108	22% 76	15% 51	5% 17	2% 6	1% 2	342
Technology	4% 14	9% 30	12% 41	19% 63	26% 88	19% 65	6% 19	6% 20	340
Marketing	3% 11	3% 11	9% 30	10% 35	18% 60	25% 87	15% 52	16% 56	342
MLS and board/association memberships	2% 8	2% 8	12% 40	42% 143	32% 109	7% 24	2% 7	1% 4	343
Health insurance	27% 89	1% 4	3% 9	8% 27	12% 41	22% 73	18% 59	10% 33	335
Continuing education/training/conferences	3% 11	16% 55	27% 91	26% 88	14% 48	8% 28	3% 11	3% 9	341

Q31 Which best describes your views about the practice of co-brokerage and the percentage-based commission system that dominates U.S. residential real estate sales?

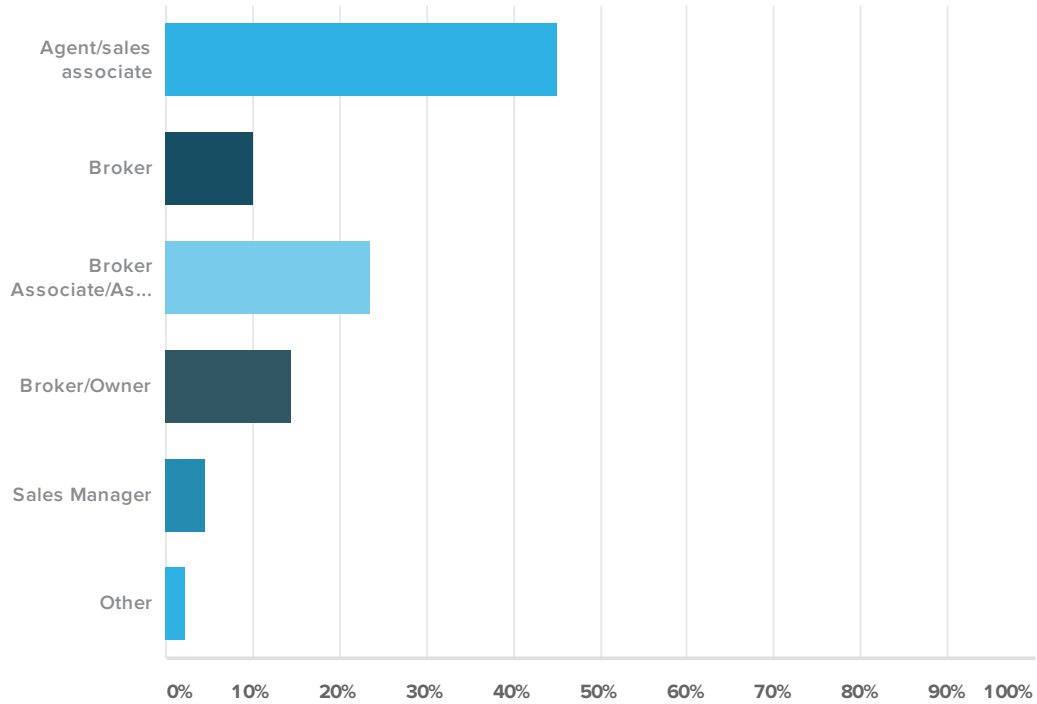
Answered: 331 Skipped: 394



Answer Choices	Responses	
Buyers, sellers and the real estate industry are well served by the present, percentage-based commission system.	75%	249
Sellers and real estate brokers are well served by the current commission system, buyers are not.	3%	11
Neither buyers or sellers are well served by the current commission system, but it works well for brokers and agents.	12%	39
Neither consumers or the real estate industry are well served by the current commission system.	10%	32
Total		331

**Q32 Thank you for taking our survey.
Please tell us a little about yourself. Which
of the following options best describes
your title:**

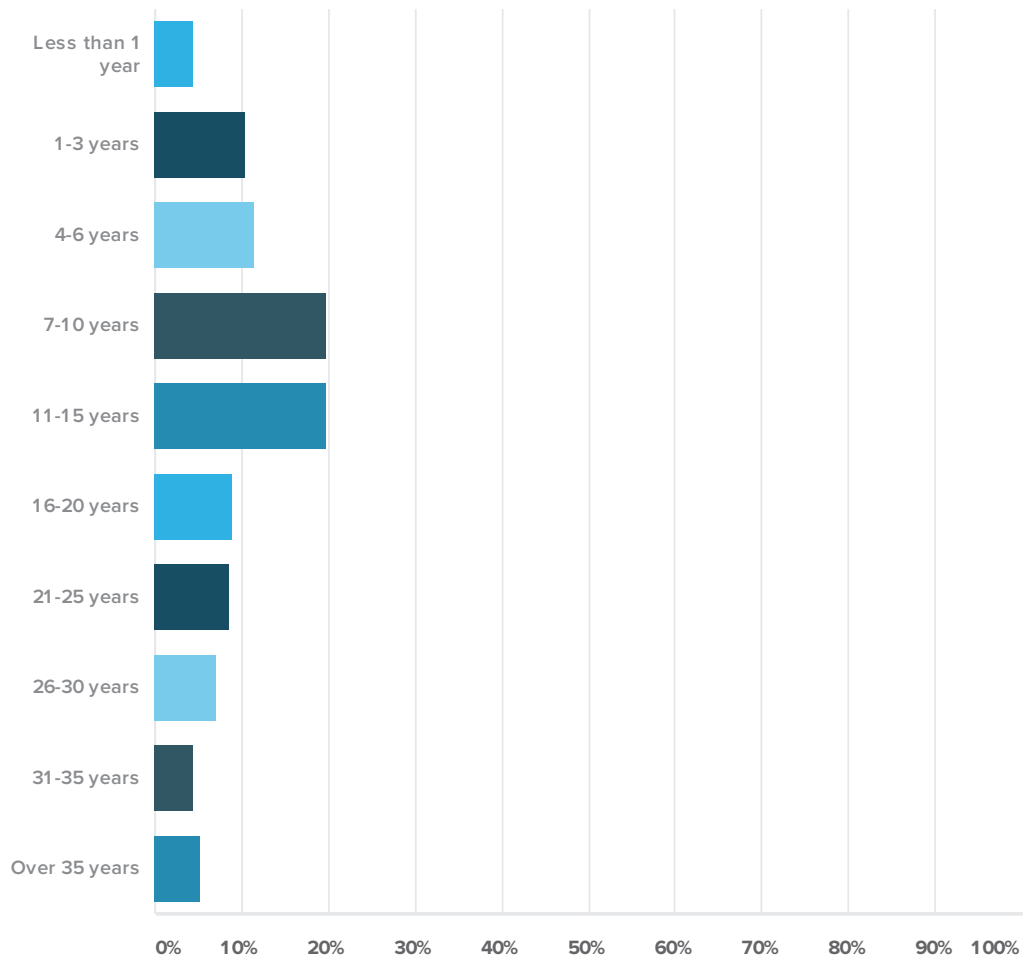
Answered: 348 Skipped: 377



Answer Choices	Responses	
Agent/sales associate	45.11%	157
Broker	10.06%	35
Broker Associate/Associate Broker	23.56%	82
Broker/Owner	14.37%	50
Sales Manager	4.60%	16
Other	2.30%	8
Total		348

**Q33 Please state the number of years
(round up or down to the nearest year) that
you have worked in real estate:**

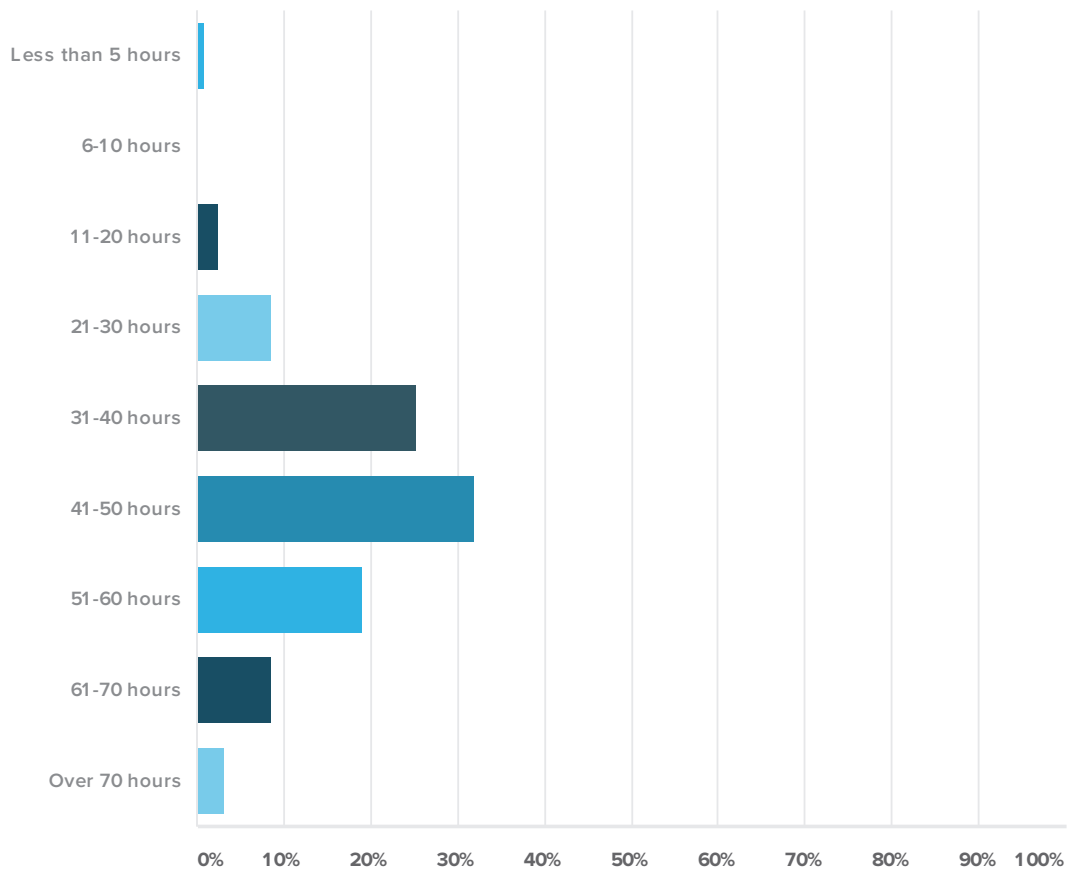
Answered: 348 Skipped: 377



Answer Choices	Responses	
Less than 1 year	4.31%	15
1-3 years	10.34%	36
4-6 years	11.49%	40
7-10 years	19.83%	69
11-15 years	19.83%	69
16-20 years	8.91%	31
21-25 years	8.62%	30
26-30 years	7.18%	25
31-35 years	4.31%	15
Over 35 years	5.17%	18
Total		348

Q34 On average, how many hours do you work per week in real estate?

Answered: 348 Skipped: 377



Answer Choices	Responses
Less than 5 hours	0.86% 3
6-10 hours	0.00% 0
11-20 hours	2.59% 9
21-30 hours	8.62% 30
31-40 hours	25.29% 88
41-50 hours	31.90% 111
51-60 hours	18.97% 66
61-70 hours	8.62% 30
Over 70 hours	3.16% 11
Total	348

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