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## Real Estate Agent Commissions Hold Steady Since New Industry Rules Were Implemented, Redfin Reports

- *Buyer's agent commissions for closed home sales in October were 2.34% compared to 2.35% in August, when industry-wide changes were implemented following the NAR settlement.*
- *It's too soon to say if the trend since August is a departure from the long-term trend of falling commissions.*
- *Commissions for homes listed under \$500,000 have risen slightly since August, while commissions for homes listed above \$500,000 have fallen slightly.*

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) Commissions paid to real estate agents representing buyers have remained essentially unchanged since new rules on commissions went into effect on August 17, according to a [new analysis](#) from Redfin, the technology-powered real estate brokerage.

The average buyer's agent commission for homes sold in October was 2.34%, ticking down just one basis point from 2.35% for homes sold in August, when the new changes took effect. That's down from an average of 2.45% a year ago.

Redfin's analysis is based on internal data on buyer's agent commissions for October home sales that have already closed or are scheduled to close by the end of the month. The commissions data was sourced from sales of Redfin agents' listings, deals closed by Redfin partner agents, or where a buyer utilized Redfin-owned Bay Equity Home Loans. It excludes deals where Redfin agents represented the buyers, because Redfin sets a competitive fee for its buyer services, which is as low as 1.75% in some markets. Data would be skewed to reflect Redfin's fees, while the goal of this analysis is to track change across the industry.

Buyer's agent commissions have fallen 17 basis points since January 2023, when they averaged 2.51%. Commissions trended slightly lower following the National Association of Realtors (NAR) settlement, dropping from an average of 2.42% in March to 2.35% in August, when the new changes went into effect. Commissions remained at an average of 2.35% in September, before dropping by a single basis point to 2.34% in October. It's too soon to say whether the trend since August is a continuation of, or departure from, the long term trend of declining commissions.

"Redfin agents say the biggest difference since August 17 is the need to educate customers about rule changes and have conversations about agent fees with buyers at the start," said Redfin Chief Economist Daryl Fairweather. "Our agents see that as a positive, as it encourages more communication upfront and increases transparency around fees."

Traditionally, sellers paid the buyer's agent commission as well as their own agent's

commission. Fairweather said Redfin agents report that sellers are covering the buyer's agent commission in most transactions, though more sellers are deciding not to proactively offer a commission and instead waiting to see what buyers request in their offer.

In relatively competitive housing markets, agents are seeing more negotiation over who pays the buyer's agent, and how much they are paid.

"Sellers are more and more wanting to pay 2% to a buyer's agent," said [Jonathan Chvala](#), a Redfin Premier agent in Chicago. "Now we're negotiating commission more frequently."

So far, increased negotiations haven't resulted in a significant decline in commissions in Redfin's data, but it's worth noting that many homes that closed in September went under contract before the changes took effect. Agents and consumers, many of whom started working together before August, are still adjusting to the new rules.

"Commissions may face more downward pressure next year if we see a resurgence of bidding wars. Sellers are becoming increasingly aware that commissions are negotiable and that if they have a desirable home, they may be able to get the buyer to cover some, or even all, of the buyer's agent commission," Fairweather said. "Of course, as in all real estate deals, any negotiation is dependent on how much demand there is for a property. Sellers who are struggling to find a buyer may even offer more to help attract more interest."

Andrew Vallejo, a Redfin Premier agent in Austin, TX, said he hasn't seen a difference in commission rates since the August 17 rule changes came into effect, as sales in the Austin market have been sluggish.

"If you're a seller, reducing the commission isn't something you can save on right now," [Vallejo](#) said. "That's because the buyer may not be able to afford your house if they have to pay their agent out of pocket as well."

### **Commissions have been declining gradually over the past decade**

The downward trend over the past two years is a continuation of a yearslong [gradual decline](#) in the percentage paid for buyer's agent commissions. The actual dollar amount paid for commissions has risen significantly, as the value of real estate went up. Redfin previously [reported](#) on trends in buyer agent commissions using data from multiple listing services (MLSs).

In March, NAR agreed to settle a series of class-action lawsuits in part by changing its rules on the way commissions offered to buyers' agents are communicated.

Under the new rules—which went into effect on August 17—listing agents may no longer include a unilateral offer for the buyer's agent commission in NAR-affiliated MLSs, and agents [must inform](#)—and get agreement from—potential buyers about what they charge before they start touring homes.

### **Commissions have risen slightly for homes listed under \$500,000**

While the average buyer's agent commission has stayed the same since August, there have been slight changes within different price brackets.

Buyer's agent commissions for homes listed under \$500,000—the most common type of transaction in our data—rose slightly from an average of 2.41% in August to 2.43% in October.

Buyer's agent commissions for homes listed between \$500,000 and \$1 million ticked down by one basis point, from an average of 2.25% to 2.24%.

Buyer's agent commissions for homes listed above \$1 million fell from an average of 2.24% in August to 2.11% in October. This aligns with [anecdotes](#) from Redfin agents, who are reporting downward pressure on commissions for high-end listings. It's important to note, however, that our data for the \$1 million-plus price bucket is limited.

### **Redfin has always been about lower fees**

Redfin has always advocated for lower fees, transparency and more choices for homebuyers and sellers. Redfin charges customers a listing fee as low as 1%, and we don't dictate whether or how much compensation our sellers offer to a buyer's agent. [Redfin's fees for buyer services](#) are competitive, which can make the difference for a buyer in a bidding war against an offer asking for a higher buyer agent fee.

Redfin has taken a consumer-friendly approach to the NAR rules for buyer agreements because we don't think buyers should be forced to sign an exclusive contract before they've had an opportunity to get to know their agent. That's why we ask house hunters to sign a simple fee agreement—which can be signed online with one click—before their first home tour. The agreement doesn't obligate the customer to use Redfin; its purpose is to tell prospective clients what we would charge if Redfin were to represent them. Once a prospective client has met a Redfin agent, they can decide whether to continue working with them.

For the complete report, including charts and detailed methodology, visit: <https://www.redfin.com/news/buyers-agent-commission-october-2024>

### **About Redfin**

Redfin ([www.redfin.com](http://www.redfin.com)) is a technology-powered real estate company. We help people find a place to live with brokerage, rentals, lending, title insurance, and renovations services. We run the country's #1 real estate brokerage site. Our customers can save thousands in fees while working with a top agent. Our home-buying customers see homes first with on-demand tours, and our lending and title services help them close quickly. Customers selling a home can have our renovations crew fix it up to sell for top dollar. Our rentals business empowers millions nationwide to find apartments and houses for rent. Since launching in 2006, we've saved customers more than \$1.6 billion in commissions. We serve more than 100 markets across the U.S. and Canada and employ over 4,000 people.

Redfin's subsidiaries and affiliated brands include: Bay Equity Home Loans®, Rent.™, Apartment Guide®, Title Forward® and WalkScore®.

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