**Putting Consumers’ Best Interests First with the Real Estate Commission Structure**

Recently in a complete breach of legal precedent, the Department of Justice backed out of an agreement with the National Association of Realtors meant to more explicitly state pro-consumer information about the Multiple Listing Service (MLS) system and associated real estate commissions. Given this abrupt move by the DOJ, it’s important to remind consumers how the real estate commission system works, how it benefits them and how competitive it is.

The real estate commission structure is so competitive that brokerages are competing every day on compensation and customer service all to the benefit of both buyers and sellers. It’s important to understand there is no set rate; every sale is unique and can be negotiated at any time. This gives consumers many different choices. In fact, because of the increased competition among brokers, [Real Trends](https://www.bankrate.com/real-estate/real-estate-commissions-fall/#:~:text=Real%20Trends%2C%20a%20Colorado%2Dbased,and%205.03%20percent%20in%202018.), a Colorado-based research firm, cited that the average commission slid to the lowest ever: 4.94 percent in 2020.

The real estate commission structure also ensures greater access for first-time, low-income and many other home buyers who otherwise couldn’t afford a home purchase and professional representation. In fact, 24% of potential home buyers in 2020 already had to delay purchasing a home by more than five years because of the potential debt and 31% of those were first-time homebuyers. For many, saving for a down payment is difficult enough and paying their brokers’ commission would put homeownership out of reach or force them to go through the process on their own.

And given the internet only does so much, being able to work with a real estate agent is critical for those very same buyers as they try to traverse complicated, data-heavy and voluminous information, details and decisions. That includes everything from coordinating with lenders, and managing attorney and inspection reviews to arranging appraisals and advising on zoning. Without professional representation, you are leaving yourself vulnerable to not getting what you want and making a mistake that can have lasting consequences on your financial health.

The real estate commission structure plays an integral role in the success of the MLS. Together, they foster cooperation between brokers providing the best and greatest number of options for buyers and sellers. MLSs also level the playing field, allowing small business brokerages to compete with large ones by having all properties listed in one location and providing equal access to the same listings, information and pool of buyer brokers. The MLS model in the United States is unique in how it shares the maximum amount of information about listings in order to expose it to the largest number of potential buyers. In other countries, the market is dominated by a small number of individual brokerages who are not required to publicly share that information, so you end up with a system that is very fragmented and inefficient.

The U.S. real estate commission structure and MLSs work for everyone from first-time home buyers to small business brokerages. This system has staying power because it’s grounded in consumers’ best interests with a cooperative system that prioritizes and benefits buyers and sellers alike.