

MICROECONOMICS OF BUYING A HOME

REAL ESTATE BROKER COMMISSION STRUCTURE BENEFITS BUYERS, SELLERS ALIKE

Seller brokers entering into cooperative commission agreements with buyer brokers prevents a greater cost burden that would be especially devastating for first-time and low-income home buyers.

IF BUYERS HAD TO PAY REAL ESTATE BROKER COMMISSIONS DIRECTLY, IT WOULD ADD **THOUSANDS OF DOLLARS** TO AN **ALREADY COSTLY TRANSACTION**



The typical American household has an average of **\$8,863** in the bank*.

That's barely more than 50% of the median down payment on a starter home, which is **\$15,169 or 7%** for first-time homebuyers**.



Since most lenders don't allow real estate broker commissions to be financed, every 1% of broker commissions that first-time buyers pay out of pocket would put their home **\$2,167** further out of reach.

*Bankrate inflation-adjusted data from the Federal Reserve 2016 Survey of Consumer Finances

** In 2018, the median downpayment was 13 percent for all buyers, seven percent for first-time buyers, according to National Association of REALTORS® 2018 Profile Home Buyers and Sellers report. Actual dollar amounts are based on national median starter home price in first quarter of 2019 according to National Association of REALTORS® Q1 First-Time Homebuyer Affordability Index