



NATIONAL ASSOCIATION OF REALTORS®

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NAR in the News

A look at the NAR issues most frequently covered in the news media

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The Cost of Selling without a REALTOR®: \$31,800

Real estate professionals do more for sellers than make the transaction easier. They make them money. In fact, the average seller who uses a real estate professional makes 16 percent more on the sale of their home than do sellers who go it alone. That's an average of \$31,800 per home.

That's one reason the level of unrepresented sellers has declined steadily in recent years. Despite five consecutive record-breaking years for home sales from 2001 through 2005, the level of unrepresented sellers has dropped from a cyclical peak of 18 percent of the market in 1997 to a record low of 13 percent in 2005, according to the [2005 National Association of REALTORS® Profile of Home Buyers and Sellers](#).

Real estate professionals assist both sellers and buyers with the services necessary for a successful real estate transaction, especially pricing and marketing. Real estate pros can help price the property accurately and market it successfully using the variety of tools available today -- Internet, print, word of mouth and more. REALTORS® know best how to prepare a home and maximize value, provide broader exposure to the market and are more likely to generate multiple bids than a seller on the own.

In addition, REALTORS® are experts in attracting qualified buyers. A professional can show a home more objectively than can a seller who may be emotionally attached to the home, and who might become unnerved by prospective buyers' critical comments. The real estate pro also checks the financial capability and bona fides of buyers before allowing them onto a seller's property.

Posted by on April 21, 2006 06:55 PM | [Permanent Link](#)

Listed below are links to weblogs that reference [The Cost of Selling without a REALTOR®: \\$31,800](#):

» [For Sale By Owner? Save Yourself \\$30,000. Hire Us.](#) from Koenig

There are a lot of reasons to use a REALTOR®, but none as telling as the bottom line. According to the National Association of REALTORS®, using a REALTOR® instead of trying to sell For Sale By Owner will, on average, [\[Read More\]](#)

Tracked on April 28, 2006 12:25 PM

» [NAR: News Media: NAR in the News: The Cost of Selling without a REALTOR®: \\$31,800](#) from StarMaker Jason
I knew it wouldn't be long... I enjoy being an early adopter of almost anything. So when I first started my blog at the beginning of the year, it was pretty unique, at least in the real estate industry. Now [\[Read More\]](#)

Tracked on April 28, 2006 04:24 PM

Fact: I have sold 5 houses mostly in Orange and San Diego CA WITHOUT A REALTOR!

All you need is a good escrow officer to draw up the documents.

In each case the home was priced MINUS TYPICAL REALTOR COMMISSIONS.

Posted by: cts | April 25, 2006 03:26 PM

Great headline. \$31,800 sure is a lot of money.

How about you provide your methodology and data to back your sensational headline instead of fluffing this entire piece with advertising?

You make an incredible claim, but provide only a single sentence to back that up?

I'm sorry, but how could anyone accept this as true on face value alone?

Provide the methodology that the NAR used to determine this figure, as well as the dataset used to calculate it.

Caveat Emptor!

James Bednar (aka Grim)
Northern New Jersey Real Estate Blog
<http://nnjbubble.blogspot.com/>

Posted by: James Bednar | April 26, 2006 07:36 AM

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Now if NAR will rss feed your listings at realtor.com you will be up to date on some current tech trends.
tx

Posted by: rss_please | [April 27, 2006 01:28 PM](#)

Really? 16%? Do you have any data to back up that claim. So if I have a house worth 200k, if I sell by myself I will only sell it for 168k? But with a realtor id somehow sell it for 213k? Accounting for the 6% commission of course. Thats a pretty bold claim. Id love to see some actual data.

Posted by: Eric | [April 27, 2006 05:36 PM](#)

I'm an El Paso, TX Realtor(R), and our Real Estate Center at Texas A&M, recently reported similar "gains" by working with Realtors(R) compared to without, AND, to reduce services businesses. I believe that the percentage gained was reported as less than 16%, but it was true net gain after commission expenses.
Nonetheless, the two research projects jive.

Posted by: Rick Chumsae | [April 28, 2006 08:20 AM](#)

I'm not sure that this issue is as clear as you make it out to be.

Who makes up the group of homeowners that decide to forgo using a realtor? Do they own more expensive homes or less expensive homes on average? Put another way, are people who own \$1,000,000+ properties more likely to use realtors? If so, that will tend to skew the realtor average upward as compared to the FSBO crowd, but it doesn't mean much for someone who is selling a \$300,000 home.

The bottom line is that the data you are citing may not actually prove what you purport it to show!

Posted by: bboy | [April 28, 2006 11:47 AM](#)

Using a REALTOR for buying a home is Just as important as using a REALTOR for selling one.

Without a REALTOR, are you going to get an unbiased CMA that shows you market value according to comps? Who are you going to get this from? The seller's agent acting in a dual agency role?

Who is going to advise you and guide you through the difficult and sometimes treacherous home buying process? At the very least, a good buyer's agent is an insurance policy against getting tripped up along the way.

If that agent can save you \$20,000 by understanding realistic market values, that's icing on the cake.

It's just smart business to use a REALTOR on either side of the transaction.

Posted by: [Koenig & Strey Gold Coast](#) | [April 28, 2006 12:05 PM](#)

Good entry. My question as a FSBO is since you make \$30,000 more per home (than I would), why don't you as the realtor buy the FSBO and make that \$30,000 on your own? It would seem that everyone would win in this situation...the FSBO would get their desired price, and you could turn around and sell for \$30,000 in profit...

Posted by: Taylor | [April 28, 2006 01:07 PM](#)

This is fantastic information for any active Realtor. I was taught long ago by [Floyd Wickman](#) that a good salesperson never tells somebody something he/she can show them. I think everyone who works with FSBOs should get their hands on this report and use it on appointments when FSBOs hesitate on listing because of commission.

Posted by: [Jason Edwards](#) | [April 28, 2006 04:14 PM](#)

So, according to yourselves, using a realtor is good? Uh, okay...

And, why does it seem like I am seeing more FSBO signs than ever?

Is this a blog or a bunch of ads?

Posted by: anon | [April 30, 2006 09:45 AM](#)

I wonder what a typical difference is for comparable houses, rather than the average over all homes sold in each category? I would imagine more expensive homes are more likely to be sold with a REALTOR than without.

Posted by: Brad S. | [April 30, 2006 09:57 AM](#)

What's the cost of buying with a Realtor?

Posted by: Robert | [April 30, 2006 05:35 PM](#)

Would that then mean that buyers should be wary of buying a house sold by a Realtor? I guess I'd like to see an explanation of this from the side of the buyer.

Posted by: [Kurt Schroeder](#) | [May 1, 2006 10:19 AM](#)

I better use a Realtor. That is a huge amount of money.

FSBO is not the way to go. A Realtor is always better. Long Live David Lereah!

Posted by: David | [May 1, 2006 10:27 AM](#)

I am a realtor in Monmouth County NJ. I truly believe selling a home by the home owner can be done, but by the right person. Not everyone can do it, or afford it actually. (we pay for everything upfront, such as advertising and marketing, etc.) (also don't forget the time invested)

However, I will never tell an owner or current FSBO it can't be done. (selling a home on their own.) It depends on the person.

As for the commission bill and the 30k comment below, I hope people understand that this is divided by 5 people. The two realtors, the two brokers, and Uncle Sam. And what a lot of people don't understand is we are independant contractors, not employees; which means on top of federal and state taxes, we pay double for social security and medicare taxes. (as employees your employer pays the other half)

Don't forget to include the advertising costs, memberships, gas, business expenses, etc. On that type of sale, the actual take home check for most average realtors would be \$6k. On a \$600k sale. (\$30k divided by 5% commission) Most full time professional realtors earn their 1/5th commission. And it appears most of the country is now in a buyers market, which means homes will stay on longer than the last 4 years; this means more advertising and promotional dollars invested by your realtor, not the current homeowner.

Posted by: Aaron | [May 1, 2006 03:54 PM](#)

I'm an appraiser and a Realtor. I've seen alot of mistakes on both sides notably more pricing mistakes with FSBO's. On numerous occassions I've seen over priced houses sit on the market and I've seen people underprice their house by substantially more than a real estate commission. I too would like to know more about the data behind the claim.

Posted by: Brett K | [May 1, 2006 04:47 PM](#)

For those of you questioning the statistics in this statement, if you read the referenced profile of Buyers and Sellers, you'll see: "The median home price for sellers who use an agent is 16.0 percent higher than a home sold directly by an owner; \$230,000 vs. \$198,200; there were no significant differences between the types of homes sold."

I think that's pretty definitive.

Posted by: Marlow Harris | [May 1, 2006 04:51 PM](#)

Good entry. My question as a FSBO is since you make \$30,000 more per home (than I would), why don't you as the realtor buy the FSBO and make that \$30,000 on your own? It would seem that everyone would win in this situation...the FSBO would get their desired price, and you could turn around and sell for \$30,000 in profit...

This is, in fact, what MANY Realtors do - buy homes or buildings off the market, directly through the sellers, rehab them, then turn around and sell them. You see, you can get great deals on buildings, condos, and homes when the seller is not represented by a Realtor who knows the true market value of the property.

Posted by: Koenig & Strey Gold Coast | [May 2, 2006 10:40 AM](#)

Even speaking as a Realtor myself, I think every homeowner should try to sell their own home at least once for the experience. There will always be a DIY market in real estate. God bless those who can succeed at it. But there are obvious reasons why almost 85% of all property is sold via some type of *listing*. It takes time, money, patience, etc...all the things that are in short supply these days for most Americans.

Posted by: Mark Bazzetta | [May 2, 2006 08:11 PM](#)

As a REALTOR, BROKER and OWNER of my own business I know it pays to work with a REALTOR. In my area of North Hollywood, I see low end homes and high end homes using REALTORS. On average I get at least 5 to 10 calls a week from would be investors/FSBO's looking for help because they can't unload a home. Knowing the value of your property in today's market can help you make important financial decisions and using the right REALTOR can get you top dollar for your property.

Posted by: Ben Burgos | [May 3, 2006 12:50 AM](#)

I don't think it really matters. Its just a bunch of numbers, but the real deal is, even if you list your property with an agent, if the property shows like a dump...it will sit out there for months...FSBO's need to be realistic about pricing their properties. FSBO's do indeed make the mistake of comparing unsimilar properties to their own. 15k+ is a hefty price to pay for the convenience of an agent.

Posted by: rome | [May 3, 2006 02:01 PM](#)

From personal experience here in Central Virginia, I tried to sell my home Mar 5, 2006. I though that I was an expert because I work in sales and marketing. Well, one good thing about using a realtor is that, I do not have to get emotionally involved-like I recently did. The buyer who made a bid on my house used a realtor--and that realtor was SHARP! I felt like I did not have any representation; my title company and attorney did not help me, and I went from a home listed at \$499,000 to a final price of \$450,000--that agent represented the buyer in every step--I was left to do everything myself. My neighbor just listed with an agent--they got an offer

in 1 week and their agent is handling everything, while they go away on the weekends. After many weekends of pointless Open Houses--I am done and I can't wait to CLOSE! Take it from me--giving an agent a commission that is well deserved--is worth it, and this report needs to talk about the emotional aspects too.

Posted by: [Lisa Music](#) | [May 4, 2006 04:02 PM](#)

I sold in 2004 without a realtor, and the only sale since then that was higher than mine was done without a realtor. My escrow attorney cost \$550.00. For a \$3,500,000. house that was quite a savings in realestate commissions!

Posted by: [njcoast](#) | [May 5, 2006 09:05 AM](#)

I think everyone here would do well to put this study in perspective by taking a look at a similar study by the Real Estate Center at Texas A&M as mentioned by Rick above.

<http://www.recenter.tamu.edu/tgrande/vol13-1/1765.html>

Of course, we all appreciate NAR's sizable research studies, but it's hard to believe that the average Realtor is able to get 30k more for an average house. It seems like we would all be in business flipping FSBO's for ourselves if that were the case.

Posted by: [Milan Cole](#) | [May 5, 2006 11:48 PM](#)

How do we get realtors to stop listing "entry only properties"?

I'm working with a buyer who sold his house with entry only and a seller who is selling his home entry only. It's been a nightmare. Why are we doing this? Why is the realtor board allowing it?

They both think of me as their realtor - the seller who is paying my fee and the buyer who is not paying me a fee.

Posted by: [Marcia Casacca](#) | [May 11, 2006 08:51 AM](#)

I've have seen it go both ways. My brother TRIED to sell his house for sale be owner and almost got ripped off big time. 6 months later the got a Realtor.

Posted by: [Luke Gunderson](#) | [May 11, 2006 11:57 AM](#)

I am a Realtor since 1990. I'm often not proud of our industry, and bogus claims like this are part of the reason for that.

I think bombastic headlines and claims like this are irresponsible and erode public trust in Realtors.

I have serious questions about the methodology used and how the data is being interpreted.

A better peice of information would be to first look at the average LIST price of homes sold by FSBOs and compare it to the average LIST price of the Realtor listed homes IN SIMILAR areas. I believe FSBO listings, in a macro view, are generally offered at a lower price point to start with, so are we looking at apples to apples when making the NAR claim? I don't think so.

Next, what percentage of the list price does the average FSBO achieve on the final sales price compared to the average percentage of list price for homes sold through Realtors?

Finally, we need to look at NET take-away price of the sale, the "after sales expenses" sales price. If the FSBO sells his home for less (as the NAR study claims), but her closing costs are lower (without the sales commission), she comes out ahead, minus her time and effort in selling the home, if all other things are equal.

NAR is presenting the data in a way most favorable to its industry, but it is puffing the data at the least.

I do believe most sellers are better off if represented by a good, experienced Realtor, but I also believe many sellers can do just fine on their own, especially in areas where demand is already in place and the seller is at least somewhat familiar with the steps involved in selling a home and the fair market value of the home they are selling.

Steve Crossland, Realtor
Austin Real Estate Blog
www.Crosslandteam.com/blog

Posted by: [Steve Crossland](#) | [May 21, 2006 03:12 PM](#)

bboy hit on my reaction to this article: Do sellers with Realtors make 16% more because the Realtors are that much better at eking higher sale prices out of the properties, or because, statistically, the sellers who go Realtor-less tend to be the sellers of lower-value homes (who are likely more concerned with saving themselves the commission money than those with higher-value homes).

A statistic provided without analysis of its various possible causes and affectors is worse than worthless; it's potentially outright misleading. Please take a little more care in supporting your statements so that the NAR and the Realtor community don't end up looking like a collection of smoke-blowing charlatans.

Posted by: [Homes](#) | [June 13, 2006 01:49 PM](#)

I'm taken aback by the myths that still are abound about Realtors out there! They earn thier money...believe me. 6% split in halve, 3% goes to the broker, then after thier "split", expenses and taxes, the Realtor takes home about 1%. It's not alot of money for the things a Realtor has

to go through and the way they're treated by a client at times. FSBOs lose \$, take longer to sell on average and title companies CRINGE when they see a FSBO transaction come up. Plus, the likelihood a Realtor will be sued at some point in their career is high, usually because of something out of their control, or lack of disclosure on the homeowners part. You can only imagine the risk FSBOs put themselves in when selling on their own.

Posted by: Derek P. | [June 15, 2006 07:01 PM](#)

This is a very bold claim but it's false. Here is the reason. The article indicates that the "Median" home sold be 16% less vs a "Mean" which is an average. Median is the middle of a distribution: half the scores are above the median and half are below the median. Therefore, if you have just one or two higher sales reported by a REALTOR than a FSBO, the "Median" will be skewed to show a higher amount. The standard error of the median is about 25% larger than that for the mean. It is thus less efficient and more subject to sampling fluctuations. Therefore this statistic means nothing.

Posted by: Jessie B | [June 17, 2006 01:53 PM](#)

I just took to a day long class on FSBO's and this came up. The reason REALTOR's can net more money for a seller is many. One of the biggest is exposure. There are 4 things that sell any property. 1Price 2How easy the home is to show 3Condition of the property 4Marketing/Exposure. Typically here's what happens. A FSBO list his property for sale in the newspaper and puts a sign in the yard. Maybe an internet add on FSBO.com. After 4-8 weeks of zero to maybe handful of serious showings with no offers, some buyer shows up and makes an offer below the asking price and the FSBO is so desperate to work with the buyer that he jumps on the offer. Also, most buyers that are shopping for FSBO are looking for a deal or else they'd be working with a REALTOR which cost nothing on the buyers side. FSBO also have to deal with unqualified buyers and having escrows that will never close. Any good REALTOR will only take buyers out after they have been pre-qualified/pre-approved.

Also as some people have already pointed out, most FSBO's don't use the required disclosures and subject themselves to possible litigation.

I'm not arguing about any certain percentage, but even if the percentage was only 6% more than FSBO's, the FSBO is still getting the home sold for the same net amount and doesn't have to do any of the work. I would never want the headache of selling my home myself if I wasn't an agent. Even as an agent that calls FSBO, I can't tell you how many times I've called during the day and no one answers the phone because the FSBO is at work! Do you know how many potential buyers you can miss because you don't answer the phone. Not everyone like leaving messages especially when they have 20,000 other homes on the market like they do here in Las Vegas. NAR states that somewhere around 70% of FSBO eventually end up listing with a real estate agent. To test this theory, I called FSBO's from 4-8 prior and every single one had listed their properties with REALTORS!!!!

Posted by: Bryan J | [July 12, 2006 01:21 AM](#)

Good entry. My question as a FSBO is since you make \$30,000 more per home (than I would), why don't you as the realtor buy the FSBO and make that \$30,000 on your own? It would seem that everyone would win in this situation...the FSBO would get their desired price, and you could turn around and sell for \$30,000 in profit.

Lets take a look at this statement. Realtors can not do this because of ethics they follow. On the other hand an Investor can. An investor will want to make a flip on a property and make at least 10% profit. Lets face it FSBO's are who they target, because of the lack of exposure a Realtor can provide the property will sit and sit until they concede to the Investor. If you add into the fact that a savvy investors will write a contract having the seller pay most of the closing cost(title), then consider the time, marketing expences, etc, etc..well seems to me we are getting close to that 16% dont you think!

Posted by: Jason Babb | [September 17, 2006 11:12 AM](#)

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