ECONOMICS OF BUYING A HOME

REAL ESTATE BROKER COMMISSION STRUCTURE BENEFITS BUYERS AND SELLERS ALIKE

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 $16,100 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 $2,300 further out of reach.

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

** In 2020, median downpayment was 12% for all buyers, 7% for first-time buyers, (NAR 2020 Profile Home Buyers and Sellers report). Actual dollar amounts based on national median starter home price in Q1 of 2020 according to NAR Q1 First-Time Homebuyer Affordability Index

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