

ECONOMICS OF BUYING A HOME

HOW REAL ESTATE BROKER COMPENSATION WORKS BENEFITS BUYERS AND SELLERS ALIKE

The current way brokerage services are paid 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 compensation directly, it would add **thousands of dollars** to an **already costly transaction**.



The typical American household has an average of **\$5,300** in the bank*.

That's a third 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 compensation 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.

*Bankrate inflation-adjusted data from the Federal Reserve 2019 Survey of Consumer Finances

** In 2021, 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