

Settlement Shock – RIS Media’s 2024 Contract Commission Study

Commissions are falling. For now.

After months of speculation—and years of trepidation—RISMedia can say definitively that at least in the short term, the percentage of a home’s sale price that agents and brokers claim as their hard-earned compensation has shrunk. Although still very early in the post-settlement era, this news is certain to worry many, as pundits and commentators have long claimed that a significant blow to commissions could permanently alter the residential real estate industry as we know it.

But savvy real estate professionals know there is always a path forward. RISMedia’s landmark 2024 Contract & Commission Study, covering the last year (both pre- and post-settlement) and surveying over 1,300 agents and brokers across the country, has the details, diving deep into the seismic ripple effect of recent policy changes and honing in on when, where and how real estate compensation has changed. This vital data can serve as a roadmap to a successful future, pinpointing which brokerage models, regions or agent profiles are bucking the commission negatives, or how companies are adjusting in the face of new rules.

This exclusive report offers the first independent, bird’s-eye view of a new era for real estate, allowing brokers and agents to make sure they are best positioned to thrive in a brave new world.

Key takeaways include:

- How much commissions have fallen, and what is most affecting commission rates—including region, brokerage model, agent experience and in-office work.
- What is changing with so-called “cooperative compensation,” and how many agents and brokers are switching to flat-fee or limited services.
- How companies are adapting fees, splits or incentives, and trying other innovations in the face of a shifting landscape.
- Whether agents and brokers are shifting their priorities between buyer and seller clients, and what has—or hasn’t—changed on the path to success.
- And much more!

Back in April 2019, attorneys representing a putative class of recent homesellers filed what would come to be known as the Moehrl lawsuit in Illinois. Around six weeks later, another law firm filed a largely identical lawsuit in Missouri. Quickly drawing interest both inside and outside the industry for its (somewhat) novel claims regarding real estate antitrust, many saw these lawsuits as existential threats to real estate practices, with pundits speculating that the real estate industry could be forced to transform, or shrink significantly.

Fast forward five and a half years. Agents and brokers are grappling with what was once unthinkable to many—most notably, compensation removed from the MLS, though many other decades-old precedents have gone by the wayside as well.

What, specifically, though, was supposed to happen if the plaintiffs got their way? One of the biggest worries for real estate agents was that commission rates would drop significantly (although at least some data has shown that rates fluctuate over time).

That worry may have been merited, as RISMedia’s survey of more than 1,300 agents and brokers from every part of the country found. Asking agents and brokers to report the average commission rate for buyer and listing agents for transactions over the last month (timed to include only those that took place after the August 17 deadline for policy changes), RISMedia found a drop of 68 basis points (0.68%) compared to the full year before.

COMMISSION RATES AND THE NAR SETTLEMENT

YEAR	AVERAGE COMMISSION
2022-23	5.21%
2023-24	5.64%
Aug. 17-Oct. 7, 2024	4.96%

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That is very significant, translating to a loss of \$2,870 in commission on a median-priced home.* This kind of drop also defies other explanations, as it comes after commissions **rose between 2023 and 2024**, and is a much larger decrease than what most other sources have measured on a short-term basis, with average commissions generally fluctuating by relatively small amounts over time.

The decrease also appeared to be mostly taken from the buy-side, in line with what would be expected if the drop was catalyzed by policy changes (which were mostly projected to affect buyer agents).

BUYER AGENT COMMISSION

YEAR	AVERAGE COMMISSION
2023-24	2.65%
Aug. 17 - Oct. 7, 2024	2.28%

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The 0.37% decrease for buyers represents \$1,561 out of buyer agents' pockets per transaction*. There were also other indications in the data that point to buyer agents feeling the squeeze more than listing agents.

While experience has previously been shown to have an effect on commission rates—despite what some of the lawsuit plaintiffs have alleged—there was an especially large gap in commissions between inexperienced buyer agents (less than three years in the industry) and veterans (those with 10 or more years in real estate). While inexperienced buyer agents brought in 2.58% on average leading up to the settlement, they only got paid 1.82% post-August 17—more than three-quarters of a percentage point lower. Again, on a median-priced home in 2024*, that is a pay cut of \$3,207 per transaction. By comparison, veteran buyer agents only saw a 10-basis point drop post-settlement, from 2.68% to 2.58% (losing \$422 on the average transaction).

BUY-SIDE BLUES

18% of buyer agents worked for less than 2.5% commission in 2023-24

33% of buyer agents worked for less than 2.5% commission post-settlement

In 17% of transactions post-settlement, the seller did not compensate the buyer agent.

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Inexperienced listing agents were also hit hard, with average commissions down to 2.41% from 2.98% the year before. But notably, experienced listing agents (with 10 or more years experience) took a larger pay cut than buyer agents who had the same tenure. The average commission rates for those veteran listing agents fell from 3.00% to 2.74%.

That result is somewhat incongruous with what was predicted. The fact that experience was not enough to prevent listing agents from lowering their rates significantly, while time in the industry did appear to insulate buyer agents, could be interpreted multiple ways. Possibly, consumers are putting a great emphasis on the value of experience when it comes to the buy side in what is still a seller's market for most of the country. It is also possible that sellers are negotiating more strenuously with listing agents based on all the recent news of the settlement, and have more leverage due to the current low-inventory environment.

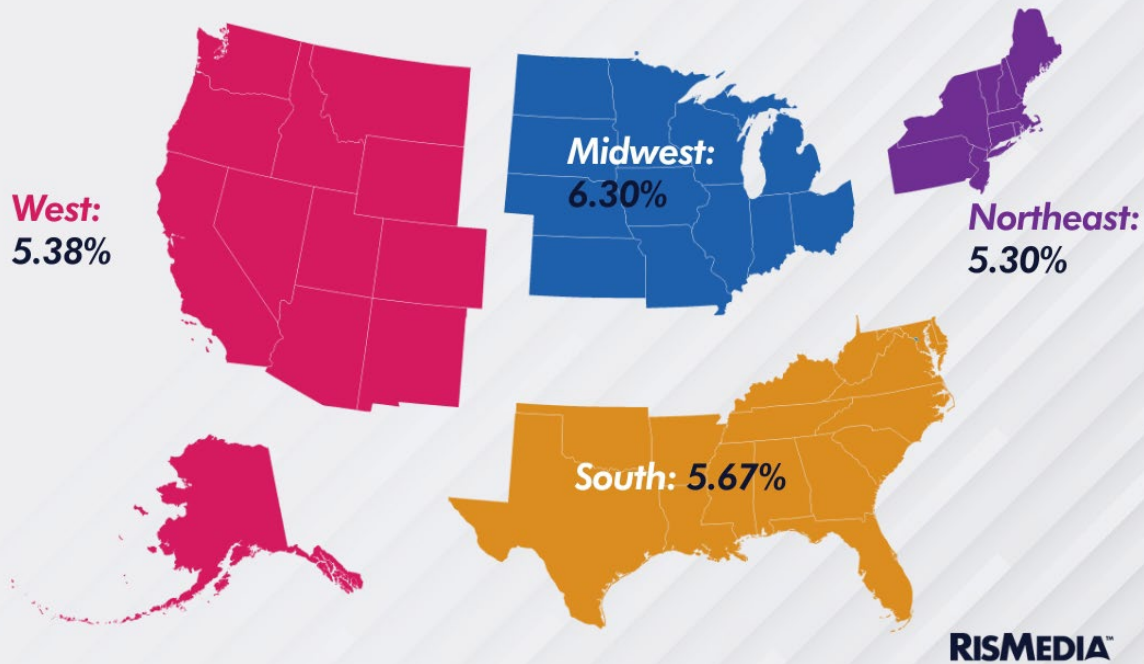
VETS VS. ROOKIES COMMISSION RATES

	<3 YEARS OF EXPERIENCE	3-10 YEARS OF EXPERIENCE	10+ YEARS OF EXPERIENCE
2023-24	5.56%	5.41%	5.68%
Post-settlement	4.22%	4.68%	5.07%

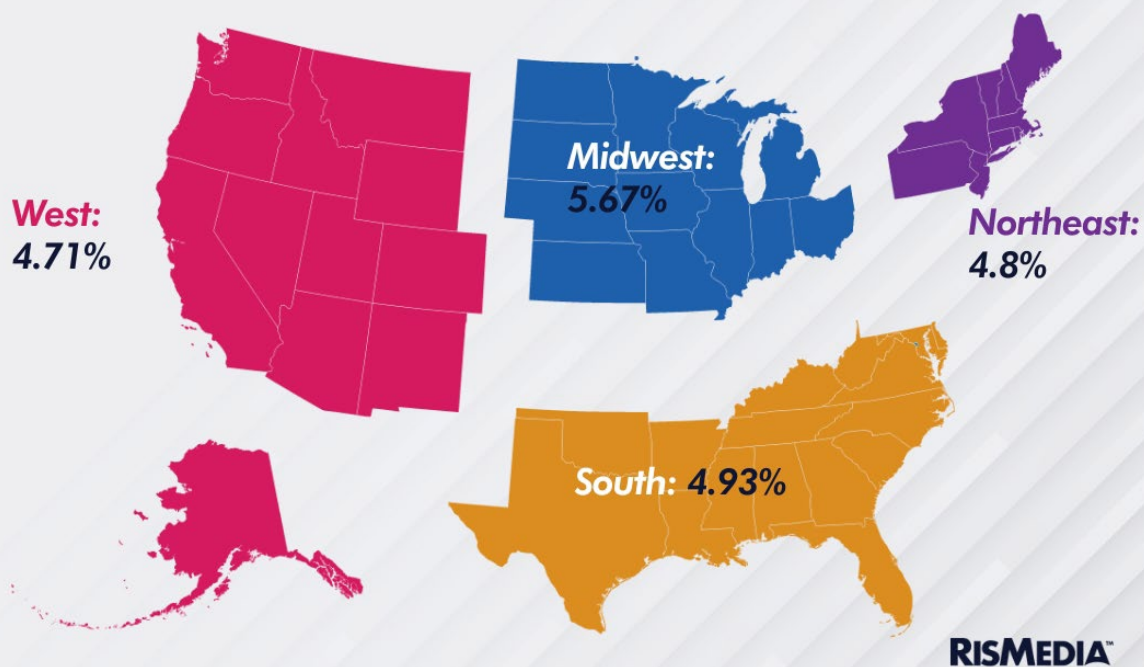
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Another notable insight to come out of the report has more to do with region rather than buy versus sell side. In the weeks and months after the settlement, there was speculation that based on local laws and norms, some agents and brokers would be more prepared to negotiate commissions or sign agreements with buyers, and therefore would be less affected by the changes. There are also some significant holdouts to the settlement changes, with MLSs on both coasts not taking part in the agreement.

RATES BY REGION - 2023-24



RATES BY REGION - POST-SETTLEMENT



While the survey did not break down respondents by state, there was a noticeable difference in the drop in buyer commissions in the Northeast.

While buyer agents in the South, Midwest and West took an average hit of 0.39% from their commissions after the settlement, the Northeast saw buyer commissions drop by 0.24%—still significant, but noticeably smaller than the other regions.

It is not fully clear what could have caused this, although many Northeast states (Connecticut, New Hampshire, Pennsylvania and Vermont) had some requirements for buyer agreements before the settlement. MLS PIN, which claims around 40,000 subscribers in Massachusetts, Rhode Island and New Hampshire, was also not party to the NAR settlement and did not implement the changes required by that agreement—though it previously made other changes based on a separate settlement in another lawsuit.

**based on median home price, NAR data from Sept. 2024.*

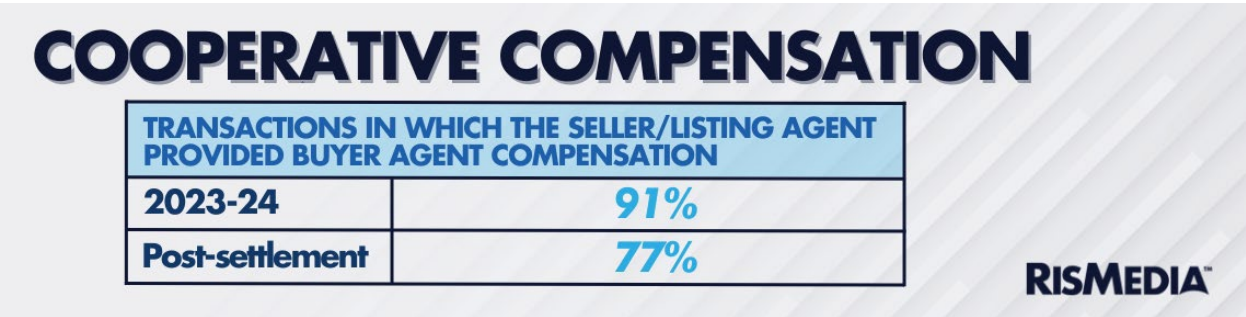
This survey was conducted by a national market research firm on behalf of RISMedia. Invitations were sent to respondents by RISMedia from a database of more than 130,000 real estate professionals and data was collected from a sample of 1,331 individuals between September 17 and October 7, 2024. Broker/owners and other real estate professionals who do not work on a commission structure were terminated from the survey.

Despite all the many policy changes, the National Association of REALTORS® (NAR) continues to back the option of so-called “cooperative compensation,” where the listing agent offers part of their commission to a buyer agent who brings a buyer and successfully closes the transaction.

At an even higher level, industry incumbents argue that homesellers have a strong motivation to pay buyer agents (directly or through their own agent), because attracting qualified buyers is the best way to get a good sale price and push through a complex, fraught sale process.

Outside the industry, though, there are many critics who argue that sellers should not be paying buyer agents at all—or at least that the practice is far too common. But with compensation removed from the MLS, and consumers increasingly aware that they don’t have to pay the agent on the other side of the deal, what is going to happen to the practice?

According to the data, cooperative compensation is becoming far less common—across region, brokerage model, experience level and age.



That overall drop of 14% is concerning, but it is also important to note that it is still very early in the process, and both consumers and real estate professionals are adjusting to new rules and practices. At the same

time, a deeper look at the data provides some more potentially illuminating indications of what is happening to the industry.

WHO IS (NOT) COOPERATING POST-SETTLEMENT?

% OF TRANSACTIONS WHERE SELLER/LISTING AGENT COMPENSATED BUYER AGENT	
<3 YEARS EXPERIENCE	47%
PART-TIME AGENTS	54%
HYBRID/SELF-EMPLOYED AGENTS	64%
AGENTS/BROKERS IN THE WEST	74%

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The fact that experience appears to be the single largest factor in whether a transaction includes cooperative compensation is extremely telling. One interpretation is that less savvy agents are simply unable to negotiate their way to have a seller make that offer, potentially to their detriment—and the detriment of the buyer, who has to pay them out of pocket. Another interpretation is that newer agents are less resistant to shifting from the traditional compensation structure, and are simply accepting that they will be compensated by their own client.

Is the decrease in cooperative compensation contributing to the drop in commission rates? The data isn't clear on that, as there are many, many disparate factors at play, but with buyers already facing major affordability concerns, it is reasonable to assume that they are negotiating real estate fees downward when the money is coming directly out of their pockets.

The other significant change created by the settlement was mandatory buyer agreements. While NAR reported that 18 states already required some sort of written contract between buyers and their clients, all 1.4 million NAR members are required to sign an agreement before viewing a home with a buyer client as of August 17.

CONTRACT CONUNDRUM



23% of agents and brokers said they did not sign buyer agreements with any clients post-settlement.



57% of agents and brokers said they signed buyer agreements with every client post-settlement.

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But the change did not appear to immediately create a huge shift. Only 57% of agents and brokers said they signed a buyer agreement with every client post-settlement, up from 47% in the previous year. The number of real estate professionals who said they didn't sign a buyer contract with any client did not change at all after the settlement—at just under a quarter (23%).

This does not necessarily mean that agents and brokers are ignoring the new rule—though some almost certainly are, based on this result. Many real estate practitioners are not members of NAR, and are not bound by the new rules at all. MLSs have also made it clear that they are giving members time to adjust before levying fines and penalties for settlement violations.

While the survey did not differentiate between NAR and non-NAR members, and the exact number of practicing real estate agents who are not NAR members is unclear, enforcing the buyer agreement requirement is likely going to be a challenge going forward.

One other postulation in the wake of the settlement would be that many agents and brokers would be working for a flat fee or providing some limited services, with buyers likely pressed to provide compensation for their agent out of their own pockets. That seemingly did not come to pass, at least in the first several weeks post-settlement, as the number of agents and brokers utilizing that business model actually shrank after August 17.

BUYER AGENTS WHO AGREED TO WORK FOR A FLAT FEE OR PROVIDE LIMITED SERVICES

2023-24	11.1%
Post-settlement	9.7%

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But that isn't the whole story. Looking at the data for inexperienced agents and brokers (those with less than three years in the industry) showed that flat-fee services may be on the uptick—though not necessarily due to the settlement.

In 2023-24, 39% of inexperienced real estate professionals agreed to work for a flat fee or provide limited services in at least one transaction. That number did not change much post-settlement, shrinking slightly to 34%. By contrast, only 8% of agents with 10 or more years experience worked on that basis, both pre- and post-settlement.

Another notable blip: hybrid/self-employed agents were somewhat less likely to work for a flat fee or provide limited services after the settlement, with 19% getting half or more of their business from those sorts of arrangements pre-August 17, compared to 14% afterward.

Again, the reasons for these trends are unclear. But one notable, and potentially surprising revelation is that if there was any sort of movement toward flat fees or limited services, it was not tied directly to the settlement changes. And at a higher level, it appears that at least for now, the prediction that a significant number of agents would start offering flat-fee services due to the settlement was overstated.

Critics of the industry also used data showing that commissions cluster around certain rates as evidence of alleged price-fixing. Since the Burnett trial and the settlement changes, that clustering appears to be weakening.

In 2022-23, 70% of agents and brokers reported an average commission rate of exactly 5% or 6%. In 2023-24, that was down to 59%, and post-August 17, it fell to 52%.

This survey was conducted by a national market research firm on behalf of RISMedia. Invitations were sent to respondents by RISMedia from a database of more than 796,666 real estate professionals and data was collected from a sample of 7,997 individuals between September 7 and October 9, 2023. Broker-owners and other real estate professionals who do not work on a commission structure were terminated from the survey.

There are a lot of things agents and brokers can't control when trying to find the best way to bolster their bottom line. A new agent can only hurry up and wait if they want to gain the kind of experience associated with higher commission rates, more transactions and better splits. Likewise, not very many agents and brokers can simply pick up and move to a state or region that's having greater success in mitigating commission decreases (though perhaps they can still learn lessons from colleagues in those places). What agents and brokers do have a choice in, though, is what kind of company they affiliate with, or whether they want to operate entirely on their own. That choice does have consequences for your bottom line, and each of those models were affected differently by the recent policy changes.

BROKERAGE MODEL & COMMISSION RATES

	NATIONAL FRANCHISE	INDEPENDENT	HYBRID/SELF-EMPLOYED
2023-24	5.6%	5.74%	5.49%
Post-settlement	5.12%	4.83%	4.71%

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For instance, buyer agents at national franchises saw their average commission fall from 2.59% before the settlement to 2.39% post-August 17 (\$844 on a median-priced home). Independents saw a much bigger drop, from 2.76% to 2.24%, \$2,110 less in commission.

Self-employed or hybrid buyer agents saw an almost identical level of average commission reduction compared to independents, from 2.57% to 2.08% (\$2,068 lower commission).

This data would appear to indicate that at least during this transitional period, those buy-side agents and brokers affiliated with larger companies that offer more resources and support were better prepared for the changes—though again, there are other potential explanations and more time is needed to see if this trend persists.

Also notable is that listing-side commissions fell in a similar pattern—national franchises seeing the smallest decrease, and other models falling at almost identical rates.

National franchises, however, experienced a slightly larger sell-side decrease compared to buy-side, from 3.01% to 2.76%. There was also less variation in the sell-side commissions across brokerage models, both pre- and post-settlement, with only a 0.17% range in average listing commissions. This would again support the theory that buy-side commissions are under the most pressure, and are also most likely to vary based on particular agent characteristics.

While commission rates are somewhat of an indirect product of the brokerage model, there are many other factors that companies exert direct control over—from splits to farming to cooperative compensation. For instance, some large companies have made explicit moves away from listing agents compensating buyer agents—though still with an openness for the seller to pay a buyer agent directly.

While there was no major difference between independents, national franchises and hybrid/self-employed companies before the settlement changes, agents and brokers affiliated with national franchises were more likely to be involved in transactions that included sell-side compensation paid to buyer agents after August 17.

% OF TRANSACTIONS WITH SELL-SIDE COMPENSATION PAID TO BUYER AGENT POST-AUGUST 17

NATIONAL FRANCHISE 	INDEPENDENTS 	HYBRID/SELF- EMPLOYED 
80%	75%	64%

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National franchises were also more likely to report that all of their transactions post-settlement changes included sell-side compensation to buyer agents, at 77%. Conversely, 25% of hybrid/self-employed agents and brokers reported that none of the transactions they were involved in post-settlement included the sell-side compensating buyer agents.

With commission rates under pressure, another very important element that brokerages have control over is splits. One key question following the recent policy changes is whether brokerages would make changes to how commissions are shared, potentially anticipating lower overall rates.

There are some very preliminary signs that agents might be taking home more of their commission. The median split is still 70-30, with 37% of agents using that model (compared to 38% in 2022-23). But the average amount of commission an agent takes home is 74%, compared to 70% in 2022-23, meaning that slightly more agents are working under higher split models.

This change could easily be explained by any number of factors apart from the settlement (notably, the average agent took home 77% of their commission in 2021-22 during the pandemic boom market). It was also notable that there was very little difference between brokerage models, indicating that types of companies are not seeking to differentiate themselves for agents at least around splits.

The 100% commission model grew only slightly in popularity between 2022-23 and 2023-24, with 12% of agents working under that split last year compared to 10% the previous year.

Companies also have the discretion to raise fees, and how all the changes of the last year might affect that is also a topic of urgent debate. Although many companies are likely waiting to make major changes until some of the policy shifts trickle down, fees appear to be up only slightly, after a much larger increase the previous year.

FEES YEAR-TO-YEAR



YEAR	ALL ANNUAL FEES (AVERAGE)
2021-22	\$872
2022-23	\$1,115
2023-24	\$1,222

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Again, the reason overall fees held essentially flat might have nothing to do with the settlement changes. But there were some notable changes between brokerage models that could indicate that companies are trying different things as far as how they charge agents.

Independents had the largest increase in annual fees both as a percentage and as a flat amount, an average of more than \$160, or 23%, although per-transaction fees stayed the same. And hybrid/self-employed agents actually reported paying much lower fees than the previous year, with annual fees down 47% and per-transaction fees lower by 25%.

National franchises charged almost exactly the same overall fees as the previous year, a 1% change in per-transaction fees and 7% increase in annual fees.

The fact that hybrid/self-employed models are finding ways to significantly lower fees could show, however, that there is some innovation or movement in those sorts of companies, or that some alternative brokerages are prioritizing keeping fees down in this new era of real estate.

Another question is whether companies would offer profit-sharing incentives as agents and brokers seek more ways to bolster their incomes in the face of declining commission rates—or would potentially sunset those incentives as their own margins tightened.

Neither of these scenarios seemed to have manifested, at least at this early stage, as respondents reported the same proportion of profit-sharing as last year, with 20% saying they worked for a company that offered this perk.

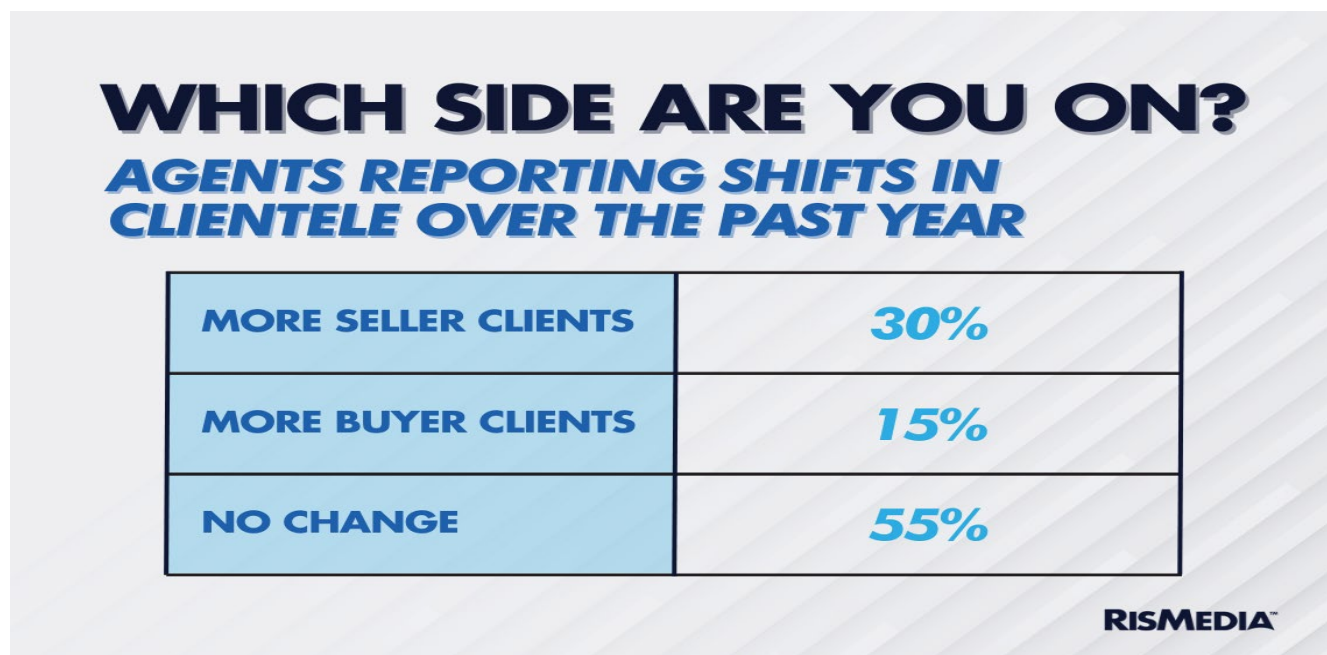
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and other real estate professionals who do not work on a commission structure were terminated from the survey.

With historic changes now in place—and **unlikely to be reverted**—it is reasonable to expect that agents and brokers will start to rethink their priorities as far as compensation, and perhaps begin reevaluating their broader needs or focus in order to stay successful in the new era of real estate. While again, it is very early in the process, real estate professionals have been aware of the coming changes since at least March of this year, and have had plenty of time to start planning.

The biggest and most obvious shift to potentially come out of the policy changes—especially in light of this study’s findings on buyer commission—is whether agents and brokers will focus more of their efforts on listings and less on buyers.

When asked if the proportion of their business coming from either the buy or sell side has shifted in the last year, a slim majority of agents and brokers said that it has not.




That held true, for the most part, across regions and demographics. The only outliers were agents with less experience, and those at hybrid/self-employed companies. Agents with less than 10 years in the industry were more likely to see a shift toward buyers—24% serving more buyer clients than the previous year. And the trend was similar for hybrid/self-employed agents, with 26% increasing focus on the buy side.

Close to a third of agents and brokers already seeing a shift toward sellers is significant, however, and could portend a larger adjustment if agents find that buyer relationships are not as lucrative as they were previously.

Looking ahead, real estate professionals were asked their expectations for commission rates over the next year. Again, a slim majority said they expected no change, but a significant number are planning for even lower rates.

COMMISSION EXPECTATIONS (NEXT YEAR)

GO UP 	12%
STAY THE SAME 	51%
WILL FALL 	37%

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More specifically, 30% of respondents said they expected rates to fall “modestly,” while 7% are anticipating “significant” decreases in commission rates. On the other side, 10% of agents and brokers expect a “modest” increase in commissions, while 2% are watching for a “significant” rise. In the Midwest, there were slightly more people expecting commissions to rise, with 17% of agents and brokers awaiting higher commissions in that region.

Interestingly, older agents and brokers were more likely to anticipate falling commission rates, with 43% of respondents 65 and older saying they think rates will drop.

One of the ways agents and brokers are often defined is by how productive they are—how many transactions they close. A theory supported by many both within and outside the industry is that recent policy changes will drive unproductive agents and brokers to leave real estate entirely. Other observers have wondered if real estate professionals will have to close more transactions to stay afloat or maintain their incomes, with lower average commissions.

AVERAGE HOME SALES PER AGENT/BROKER



YEAR	AVERAGE HOME SALES PER AGENT/BROKER	TOTAL HOME SALES
2022	20	5.75 million
2023	22	4.75 million
2024	20	4.58 million*

**Seasonally adjusted annualized rate as of September*
Source: NAR, U.S. Census Bureau

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While there is not enough data in one month to form any conclusion as to those theories, looking at the last year, there did not appear to be any major shifts. The median real estate professional closed 12 transactions in 2023-24, the same as the previous year. The average number of transactions closed was 20, also nearly identical to the past two years, meaning there was no huge increase in outliers—agents or brokers closing hundreds of sales, or only involved in one or two.

Another area where there was no top-level shifts: how many agents and brokers go into the office versus those who work fully from home. This past year, 17% of respondents said they operate without an office, the exact same as last year.

But that might change, if commission trends continue. Remote agents reported making 4.70% commission after the policy changes went into effect, while those who at least occasionally went into the office took in 5.02%. This is a larger disparity than 2022-23, when fully remote agents were taking in 5.01% and in-office agents made 5.11%, meaning remote agents are potentially being squeezed harder by the changes. Why exactly that might be isn't clear, and it could also have more to do with other factors—fully remote agents are generally more likely to be young and earlier in their careers, for instance.

WFH WOES

Agents and brokers who never went into the office made an average of \$1,350 less per transaction* compared to those who at least occasionally worked from an office.

**based on the median home price, September 2024*

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Something else that has been theorized about since the settlement was announced is how it will affect part-time practitioners. Whether it is possible to keep up with compliance or find clients in an increasingly competitive environment is one question, but how is compensation shaping up for agents who only do the job on a part-time basis?

Maybe unsurprisingly, part-time agents and brokers had the lowest average commission rate post-settlement of any demographic or category, at 3.99%. Part-time buyer agents only took in 1.76% commission on average, and 2.23% on the sell-side.

Part-time agents also experienced the biggest drop from 2023-24 to post-settlement. Before August 17, part-time agents were making a healthy 5.61%, right about the overall average. After the settlement, part-time agents took a \$3,292 hit on the buy-side and a \$3,545 decrease as listing agents (on a median-priced home).

After the settlement, part-time agents saw their buyer-side commission fall by 0.78%, or \$3,291 on a median-priced home sale. Full-time agents experienced a 0.28% decrease, or \$1,172 on buy-side transactions.

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It is unclear if that trend will persist, or whether it is possibly overstated by the data, as part-time agents were also more likely to report working for a flat fee or providing limited services, meaning their business model might become less and less comparable to that of a full-time, full-service agent. The question of how much a major decrease in compensation—along with more training and scrutiny—will affect part-time agents remains unclear.

As far as what types of properties or sales agents and brokers specialized in, there was very little change—although if there were going to be major shifts in this type of behavior, it would likely take more than a month to show up in the data.

Most respondents still reported focusing on residential generally, while there was a slight uptick in those who specialized in new construction, from 40% to 43%. Relocation specialties rose by 5%, with 35% of agents claiming that as their area of expertise. Those who specialized in “green” or energy-efficient properties fell from 5% to 3%, while luxury specialists didn’t move at 38%.

Looking more holistically at what they value, agents were asked how important various factors, supports and amenities were to them. For the most part, very little has changed from years’ past—technology and commission splits are still ranked highest, with more than 90% of agents and brokers rating both these as “very” or “somewhat important.”

Only two small shifts showed up in this year’s survey—a slightly lower emphasis on office culture and marketing tools. Respondents who said office culture was important fell 3%, while those who rated marketing tools as a priority in their careers fell 5%.

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