

# Realtor Commissions Deemed Illegally High By New Court Ruling

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A new court ruling has found that the National Association of Realtors has illegally kept real estate commissions inflated.

This verdict could dramatically alter the US real estate industry, in far more ways than many imagine.

Are Realtor commissions too high? How will this change the model of how properties are bought and sold in America? What does it mean for property investors?

Are Realtor Commissions Worth It?

This particular case in Missouri resulted in \$1.8B in damages being awarded. This follows on from other lawsuits and settlements against individual brokerages, and several years of Justice Department investigations.

The main issue publicly centers around NAR having illegally colluded to keep commissions up at 5-6%.

An issue made extra ironic as it is supposed to be the organization that upholds ethics in the industry, and add credibility to agent members. Not detract from them.

Of course, when you really do the math on what Realtors net in a transaction, and how hard they work, many may be barely scraping in a minimum wage income.

Between privacy, efficiency, and negotiation benefits, the best real estate agents do offer great value. They certainly aren't overpaid. Yet, gross commissions can be expensive, and eat away at your net as an investor.

### Changing The Way The Industry Works

This is much bigger than just making NAR irrelevant or slashing Realtor commissions.

Coverage by Bloomberg cites a push towards the UK and Australian models, where commissions are much lower. Of course, this may come with many unintended consequences.

Often overseas there are no agent licensing requirements. Agents get their own listings, and do not cooperate or share commissions with buyer agents.

In turn, consumers have no one protecting their interests. Living and housing costs are dramatically higher. Homeownership is prohibitive in terms of access and expense. Investors abroad prize the current US model, as their local options are normally wealth preservation with very low yields or negative cash flow rentals. This model would erode our national advantage, and would hurt individuals far more than most imagine.

For Real Estate Investors

First, if you've been debating becoming a real estate agent before investing, don't. Skip the costs, time, and going into a contracting industry.

You may still find great value in using real estate agents. You may also find the ability to negotiate better deals on commissions going forward.

This, in addition to end investors having to get used to lower yields, and negative cash flow, can mean a lot more profit for real estate wholesalers.

Now is the time to make your push, as those who control the inventory, will control the market.

Our Fall loan deals with rates as low as 1% can help! Check them out [here](#) .

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