

# The Role of the Real Estate Agent in 2019 — and Beyond

By Thomas O'Shaughnessy  
Clever Real Estate

It's no secret that the real estate industry is undergoing a period of significant and rapid transformation.

Emerging technologies and data-driven startups are empowering consumers and fundamentally changing the way they buy and sell properties. What's more, discount and nontraditional brokerages are challenging the longstanding reign of the traditional Realtor model.

Some claim that we're on the precipice of a largely automated era in which home buyers and sellers will rely primarily on data- and Artificial Intelligence (A.I.)-driven real estate services, enabling them to bypass agents entirely.

But is this really the case?

In an effort to get a clearer picture of the evolving role of the real estate agent—and the mindset of home sellers in 2019—Clever recently conducted a survey of 1,000 Americans who indicated they were planning to sell their homes within the next year.

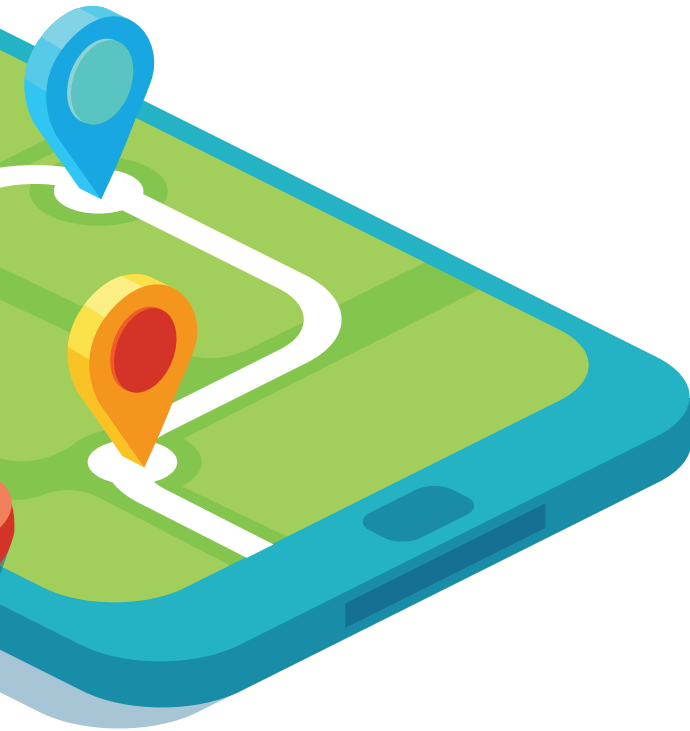
What did we learn? Real estate agents will need to adapt to the new, tech-centric real estate landscape in order to remain competitive. That said, despite widespread industry disruption, Realtors still have a crucial role to play in the home-selling process — and it's unlikely that demand for their services is going to go away anytime soon.

Here are some of the key takeaways from our report.



## Executive Summary

- Many homeowners don't realize how much it actually costs to sell a home. 45% of home sellers don't know they are expected to pay the buyer's agent commission. Only 35% know that the standard, total commission fee is about 6% of their home's final sale price.
- Sellers are preparing for a housing market slowdown. 65% of respondents said they're willing to wait longer for a better price versus 35% of respondents who said their number one goal was to sell as quickly as possible.
- Buyer (and home seller) beware: 37% of home sellers would consider a dual agency, and 46% were unsure. Buyers and sellers who work with these types of brokerages put themselves at risk, as dual agents have no clear fiduciary responsibility to either party involved in the sale.
- Consumers are almost ready for A.I. technology in real estate. Approximately 50% of respondents said they would be willing to sell their home using an A.I. platform that finds potential buyers, and 37% believe existing A.I. tech could outperform a human real estate agent.
- Most home sellers—even those trying to sell for sale by owner (FSBO)—still need a real estate agent. About 50% of respondents said they wouldn't feel comfortable negotiat-



ing with buyers, and about 62% wouldn't feel comfortable finding and completing the necessary paperwork for closing.

- Millennial home sellers are 93% less likely to use a real estate agent. They're also 2x as likely to say a real estate agent was unimportant or not important at all to the home selling process.
- There are clear, generational differences in homeowners' reasons for selling: millennials and Gen-X home sellers are ready to upgrade to larger homes (46%), while Baby Boomers are looking to downsize (47%).

### Fast Facts

- While many sellers use the internet to find and vet real estate agents, most (50%) said they rely on referrals from friends and family
- Many home sellers are on the fence about using a real estate agent—32% were unsure if they'd end up using an agent, and 14.5% said they were planning to try to sell FSBO
- According to survey respondents, the most challenging part of selling a home is preparing it for sale (27%), followed by attracting buyers (20%), pricing it correctly (18%), finding a good real estate agent (13.5%), negotiating with buyers (10.7%), and handling all of the paperwork (9.7%)

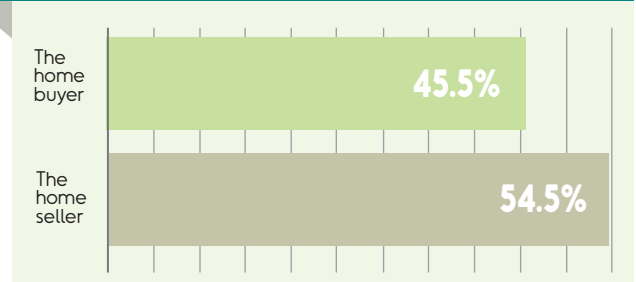
## HOME SELLERS DON'T UNDERSTAND HOW REALTOR COMMISSION FEES WORK

When it comes to selling a home, the old adage “you have to spend money to make money” definitely rings true.

From pre-sale home repairs, staging and photography to seller concessions, legal fees and Realtor commissions, homeowners looking to get top dollar often end up paying thousands over the course of their sale. Some estimates put the total cost of selling a home and relocating at nearly 17% of the home's sale price.

However, it seems that many would-be home sellers don't fully understand all of the requisite costs, logistical measures, and parties involved throughout the entire home-selling process.

**CHART 1:** In most real estate transactions, who pays the buyer's agent commission fee?

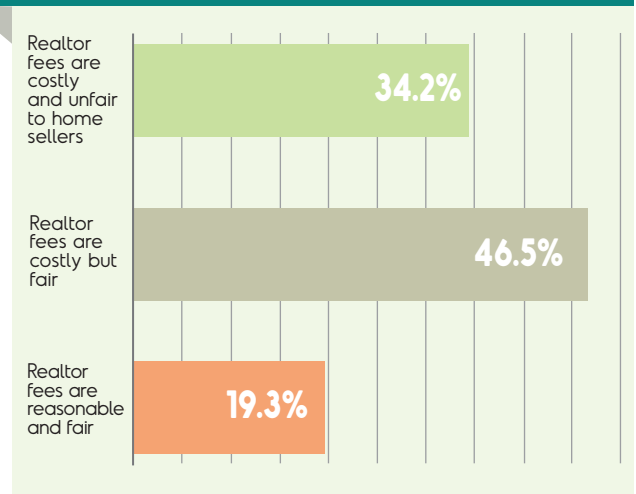


Responses from 1,000 homeowners selling their houses in 2019.

One example of this: Approximately 45% of U.S. home sellers are unaware that they will have to pay the real estate commission for both their listing agent and the buyer's agent.

Similarly, only about 1 in 3 sellers know that the total commission fee is typically 6% of the final sale price. When we disclosed the average rate, 34% of home sellers said they feel the fees were costly and unfair, 46% said they are costly but fair, and 19% said they are reasonable and fair.

**CHART 2:** Which of the following describe your feelings towards the average Realtor commission home sellers pay (about 6% of the home price)?



Responses from 1,000 homeowners selling their houses in 2019.

The key takeaway is that many homeowners simply don't understand all of the costs involved in selling a home. Real estate agents should set realistic expectations at the outset in order to avoid nasty surprises and difficult conversations further down the line. This is especially true for first-time home sellers, who were 53% more likely to believe home buyers pay commissions than experienced home sellers.

"Many home sellers don't understand commission fees. Closing costs are important, and many sellers don't realize the true costs until I've met them and gone over their net price. It's been so long since they bought their first home, and they forget (or maybe never knew) sellers pay commission fees. I recommend real estate agents be open and honest when courting clients to avoid uncomfortable conversations down the road." – Chris Doss, Keller Williams Agent

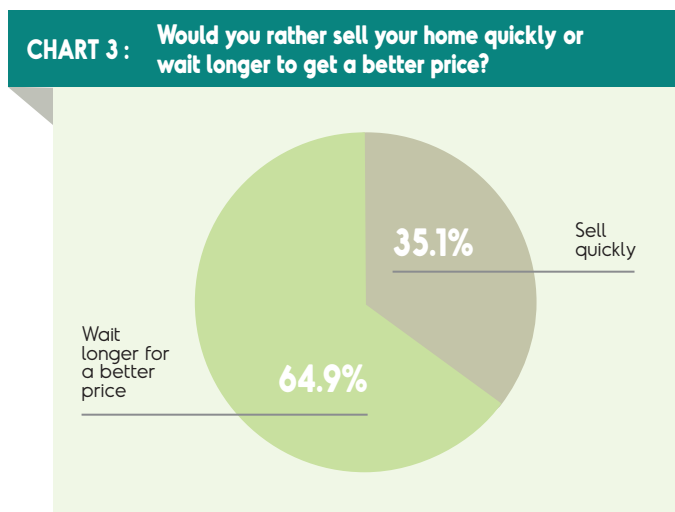
### HOME SELLERS ARE DIGGING IN AND PREPARING FOR A HOUSING MARKET SLOWDOWN

We're now several months into 2019 and have yet to experience the market downturn that some experts were predicting last year.

However, fluctuating interest rates, rising home prices, global trade tensions, financial market volatility, and perpetual political upheaval are collectively putting a damper on the industry's overall growth rate.

While it's unlikely this growth will reverse or stall completely, experts do predict a nationwide slowdown, which could yield less favorable market conditions for sellers going forward.

"The forecast for home sales will be very boring — meaning stable," explains Lawrence Yun, NAR's Chief Economist. "Home-price appreciation will slow down. The days of easy price gains are coming to an end, but prices will continue to rise."

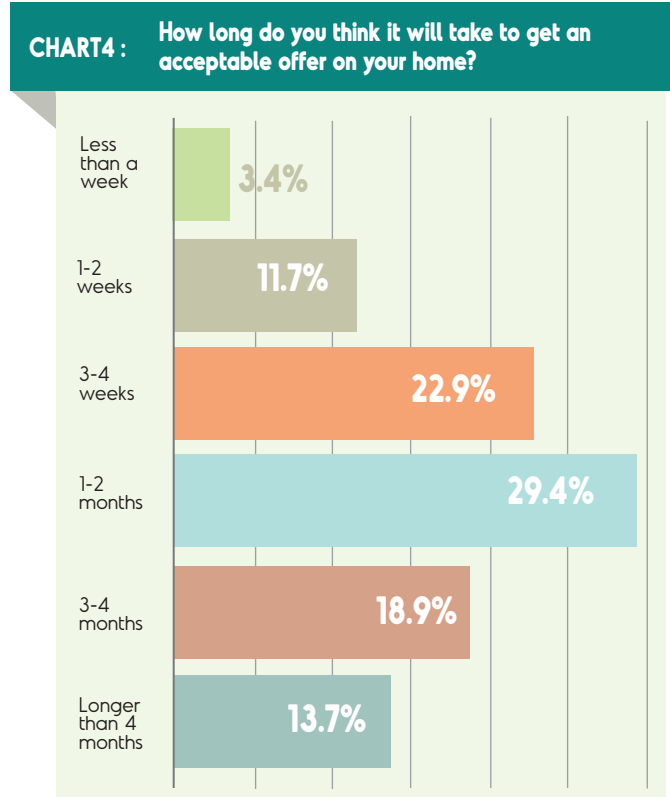


Responses from 1,000 homeowners selling their houses in 2019.

It seems that sellers are prepared to weather the storm. Approximately 65% of survey respondents said they would be willing to wait longer for a better price on their home, rather than sell quickly.

The data also suggests that sellers aren't just talking the talk here—in fact, they have realistic expectations about how long they may actually have to wait in order to get the right offer.

According to Zillow, the average amount of time it takes to get an acceptable offer on a home is approximately one month. Our survey found that approximately 62% of home sellers think it will take at least one month to sell their home, while 32% believe it will take longer than three months.



Responses from 1,000 homeowners selling their houses in 2019.

Even hot areas like Portland are seeing shifts, as the housing market corrects to a more realistic affordability ceiling for buyers.

"In Portland home prices have actually gone down 1%, the first decrease in almost a decade. While prices are slightly down, many buyers are getting priced out in certain areas of Oregon — areas like Bend, Oregon and the inner city of Portland. We're also seeing a shift to a buyer's market in areas like the Oregon coast where inventory is rising." – Brandon Hays, Stellar Realty Northwest

### MIND THE KNOWLEDGE GAP: MANY HOME SELLERS WOULD CONSIDER A DUAL AGENCY—WHICH COULD COST THEM

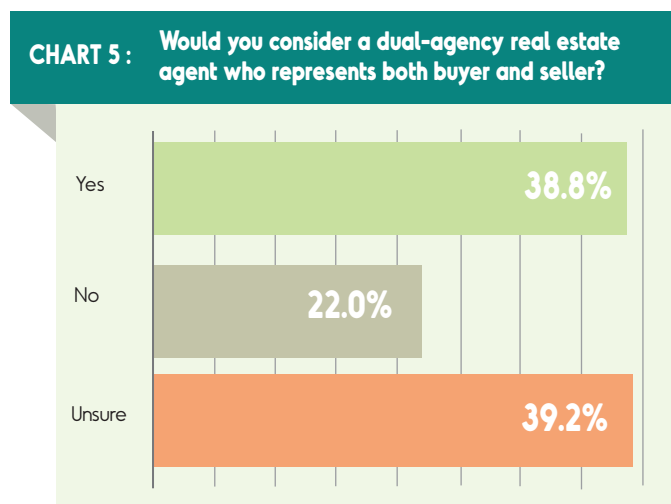
A dual agency is when a single real estate agent or brokerage represents both parties (i.e., the buyer and the seller) in a real estate transaction.

This arrangement is inherently problematic, in that a dual agent is under no legal obligation to represent the interests of either party as a fiduciary. Troublingly, a recent report published by the Consumer Federation of American (CFA) found that nearly two-thirds of American consumers are completely unaware of this fact.

“Today, many home buyers and sellers do not know whether their agent is representing their interests, those of the other party, or those of neither,” explains Stephen Brobeck, a Senior Fellow at the CFA.

“Given the huge expenditure of a home purchase and the conflict of financial interests between seller and buyer, it is important that consumers know who their real estate agent is actually representing.”

More than 40 states currently allow agents to represent both parties in a sale. What’s more, many of these states don’t require agents to disclose whether or not they have a relationship with the other party involved.



Responses from 1,000 homeowners selling their houses in 2019.

Our data confirms the concerns expressed in the CFA’s study: Many consumers don’t understand the risks associated with dual agency. Nearly 39% of U.S. home sellers would consider working with a dual agency, while another 39% were unsure. Only about 22% of respondents said they wouldn’t consider a dual agency real estate agent. While a dual agency arrangement can work out, buyers and sellers both need to be aware of the potential conflict of interest.

“Home sellers need to understand dual agency. With a traditional seller’s agent, the seller has a fiduciary responsibility to look out for the seller’s financial interest. No such obligation exists in dual agency. Dual agents have to serve two masters in a real estate transaction, so one party (and sometimes both parties) stand to lose.” –Luke Babich, CSO at Clever Real Estate

### HOME SELLERS ARE (ALMOST) READY FOR A.I. TECHNOLOGY IN REAL ESTATE

Emerging digital and automated technologies are threatening to displace long-held professions in nearly every industry — and real estate is no exception.

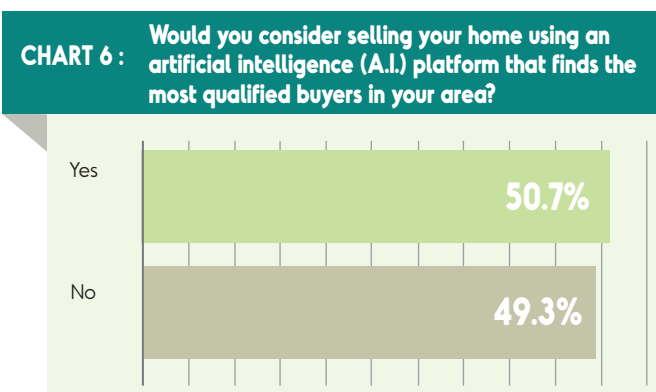
Today, Realtors are facing serious competition from a number of different directions, including A.I.-driven technologies that rely on data and automation to identify qualified buyers and execute real estate transactions.

One example, REX Real Estate Exchange, uses machine learning to target home buyers with highly tailored, digital ads. In addition, the company deploys robots at open houses to field buyer questions.

Of course, it’s still early days for such companies—REX still employs a team of human real estate agents to assist with sales, and has a limited track record to point to as proof of its broader efficacy or staying power.

What is clear, however, is that interest among consumers is growing, meaning that these technologies will continue to emerge and improve—and real estate professionals will need to adapt.

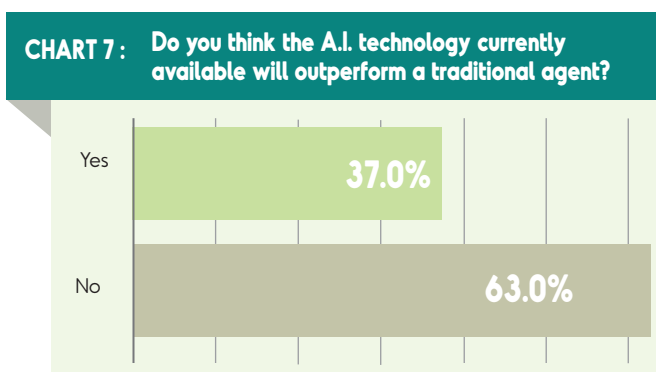
About half of U.S. home sellers say they would consider using an A.I. platform to seek out potential buyers and solicit offers.



Responses from 1,000 homeowners selling their houses in 2019.

However, while they may believe in the value of such a technology, conceptually speaking, it seems that they don’t have full confidence in its abilities—or at least not yet.

Only 37% of survey respondents think that current A.I. and machine-learning technologies are capable of outperforming a traditional listing agent over the course of a real estate transaction.

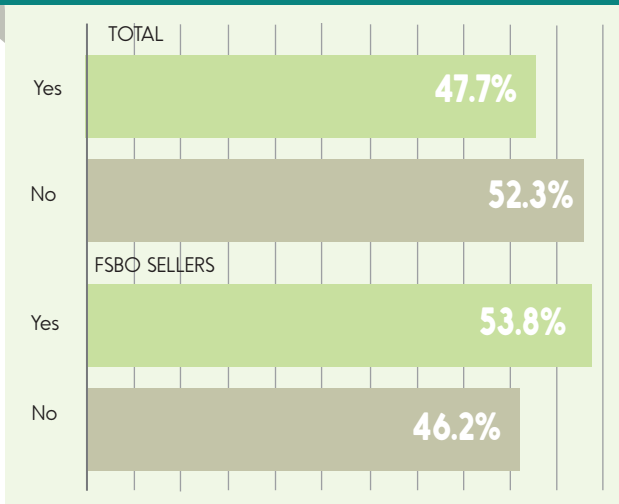


Responses from 1,000 homeowners selling their houses in 2019.

### EVEN FSBO SELLERS NEED AN AGENT (THEY JUST DON’T REALIZE IT)

Despite emerging, industry-disrupting services like flat-fee MLS listings and A.I.-driven platforms, real estate agents still play a key role in the home selling process for most American homeowners.

**CHART 8 : Would you feel comfortable negotiating with a home buyer without a real estate agent?**

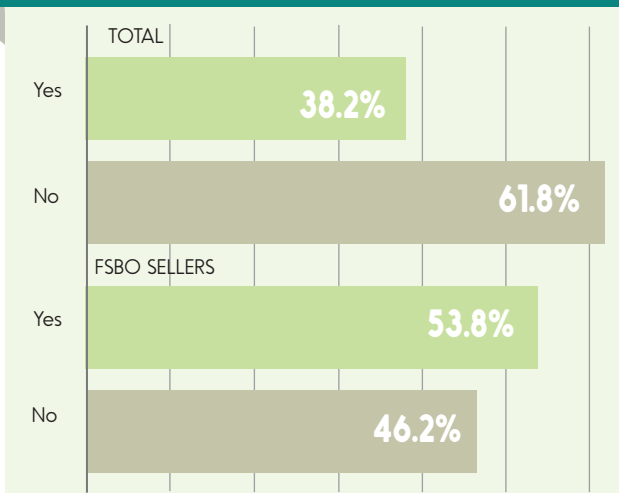


Responses from 1,000 homeowners selling their houses in 2019.  
 FSBO Sellers: 145 homeowners who indicated they don't plan to use a real estate agent.

53% of U.S. home sellers said they would not feel comfortable negotiating with a home buyer without a real estate agent's assistance.

Of particular interest was the fact that 46% of respondents who had indicated they were planning to sell their homes FSBO, or without an agent's assistance, said the same thing.

**CHART 9 : Would you feel comfortable finding and filling out the necessary paperwork without a real estate agent?**



Responses from 1,000 homeowners selling their houses in 2019.  
 FSBO Sellers: 145 homeowners who indicated they don't plan to use a real estate agent.

Similarly, 62% of home sellers (and 46% of FSBO sellers) said they would not feel comfortable finding and filling out the requisite paperwork involved in the sale of home without the help of a Realtor.

All of this suggests that many sellers—FSBO sellers in particular—are largely unaware of how complicated and involved the home-selling process actually is.

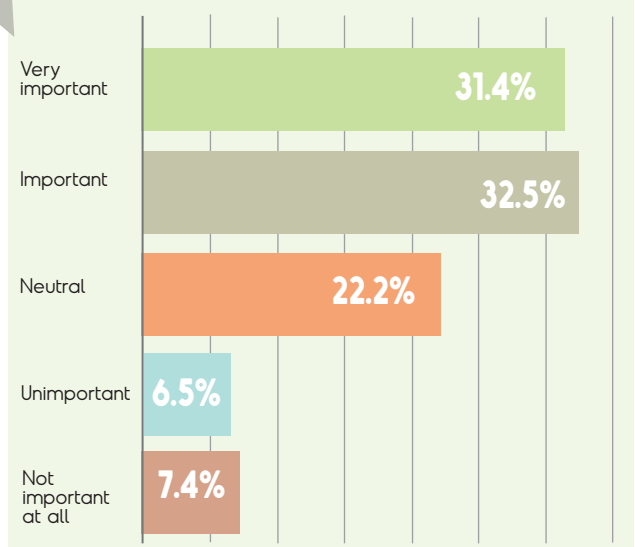
Much of the prevailing data on FSBO selling directly re-

flects this apparent knowledge gap. For example, according to the NAR, in 2017, only 7% of home sales were classified as FSBO. The average FSBO home sold for \$200,000, compared to \$265,500 for agent-assisted sales.

This also suggests that about half of sellers who try to sell their homes by themselves end up using an agent.

63% of homeowners believe that real estate agents continue to play an “important” or “very important” role in the home-selling process. Only about 14% believe that agents are not important.

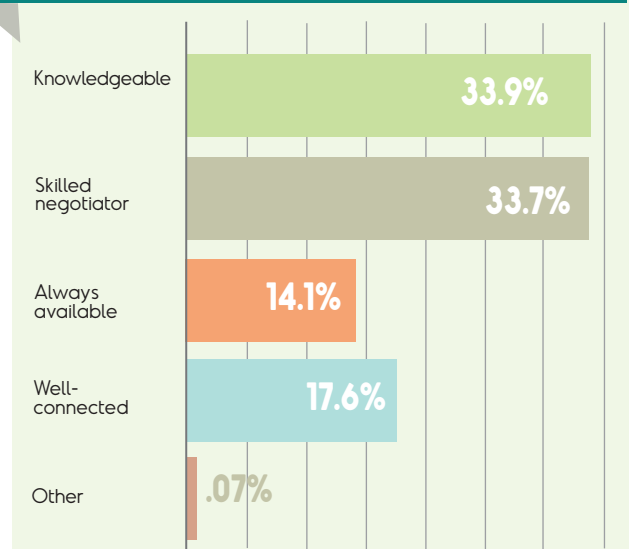
**CHART 10 : How important is a real estate agent in the home selling process to you?**



Responses from 1,000 homeowners selling their houses in 2019.

In terms of real estate agent traits and skill sets, home sellers prioritize knowledgeable (34%) and negotiation skills (34%) over being well-connected (18%) and availability/accessibility (14%).

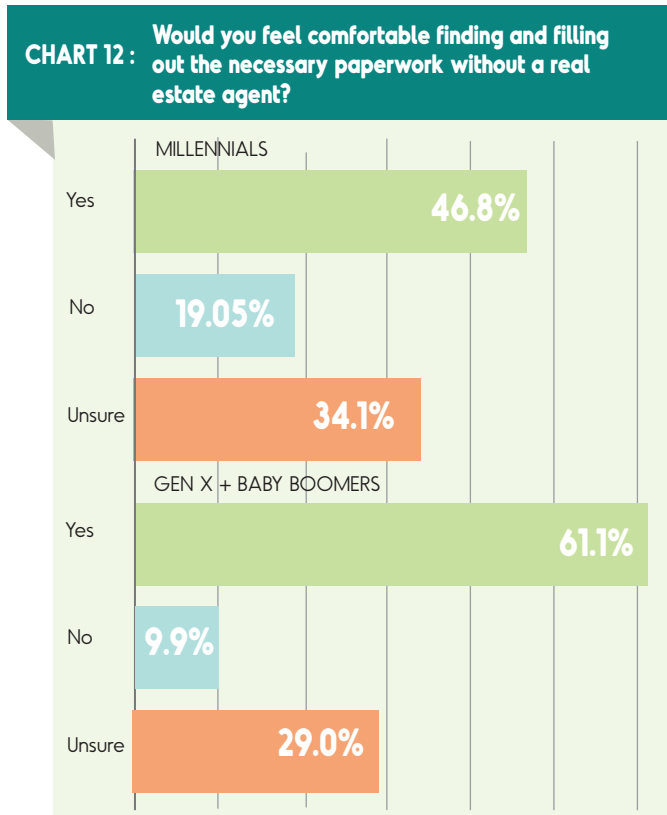
**CHART 11 : What's the most important attribute in a real estate agent?**



Responses from 1,000 homeowners selling their houses in 2019.

## MILLENNIALS UNDERESTIMATE THE VALUE OF REAL ESTATE AGENTS

Whether due to inexperience or overconfidence, millennial respondents were 93% less likely to use a real estate agent than older generations. They were also two times as likely to say a real estate agent was unimportant or not important at all to the home selling process.



Millennials: 504 responses from respondents ages 18-34.  
Gen X + Baby Boomers: 496 responses from respondents ages 35+.

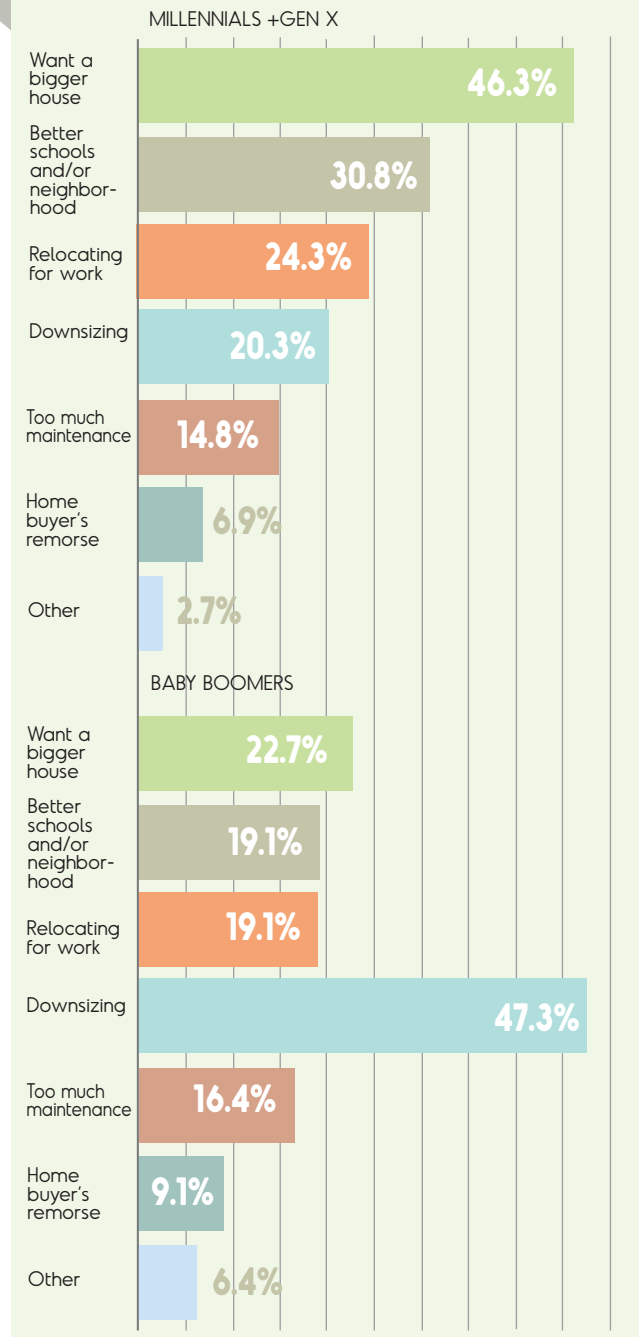
Yet, somewhat contradictorily, 54% of millennials indicated that they wouldn't feel comfortable during buyer negotiations without an agent's assistance. What's more, 61% said they would also feel uncomfortable finding and filling out all of the necessary paperwork on their own.

This impulse to forgo a realtor's assistance might be due to millennials' general lack of home-selling experience: 61% of millennial respondents indicated that they were first-time home sellers.

## GENERATIONAL DIFFERENCES IN REASONS FOR SELLING

Many Millennials and Gen Xers (46%) are selling in order to upgrade into bigger homes that offer more space. Conversely, 47% of Baby Boomers are looking to downsize as their children move out and/or they prepare for retirement.

## CHART 13: Which of the following are reasons you're selling your house?



Responses from 1,000 homeowners selling their houses in 2019.

Other common reasons for selling among all demographics included moving to better neighborhoods or school districts (30%), relocating for work (24%), and recurrent maintenance issues (15%).

Whatever their reasons for selling, homeowners — and the real estate agents that serve them — face new opportunities and challenges in 2019.

*This study was originally published on the Clever Real Estate blog ([listwithclever.com/real-estate-blog/the-role-of-the-real-estate-agent/](http://listwithclever.com/real-estate-blog/the-role-of-the-real-estate-agent/)).*



## FULL SURVEY RESULTS

View the full survey results online here:  
[www.pollfish.com/dashboard/results/1773068/1056814337](http://www.pollfish.com/dashboard/results/1773068/1056814337)

## METHODOLOGY

The proprietary data featured in this report derives from an online survey commissioned by Clever Real Estate and conducted by Pollfish. In total, Pollfish surveyed 1,000 Americans who indicated they planned on selling their home within 12 months of the time the survey was taken. Pollfish was responsible for finding and screening respondents based on criteria provided by Clever Real Estate. The survey was completed on Thursday, February 21, 2019.

## CONTACT

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*Tommy O'Shaughnessy is the Head of Research at Clever Real Estate, the free online service that connects you with top local agents to save on commission. O'Shaughnessy's team of data scientists creates surveys, gather data and analyze trends in housing, real estate and personal finance. He directs public relations efforts, acting as a "data communicator" between his team and the press. Clever studies have been featured in Politico, the LA Times, CNBC, Forbes, Yahoo Finance and other publications.*



Tommy O'Shaughnessy

# WELCOME NEW MEMBERS



**ACUMA** extends a warm welcome to its newest members, who join a community dedicated to helping credit unions put more members in homes through competitive mortgage-lending programs.

These new members are entitled to all the benefits of ACUMA's educational and networking organization, including events and knowledge shared through our website ([www.acuma.org](http://www.acuma.org)) and our magazine, the *Pipeline*.

Join ACUMA in wishing success to these new members:

### CREDIT UNION MEMBERS

- Arlington Community FCU
- Coast Central Credit Union
- Communication Federal Credit Union
- Community West Credit Union
- Dort Federal Credit Union
- First Financial Federal Credit Union
- Florida Credit Union
- Holyoke Credit Union
- Michigan State University FCU
- New England Federal Credit Union
- PenFed (Pentagon Federal) Credit Union
- People's Credit Union

- SELCO Community Credit Union
- Vibe Credit Union
- We Florida Financial
- Yolo Federal Credit Union

### CUSO MEMBERS

- Credit Union Financial Services LLC

### AFFILIATE MEMBERS

- CBCInnovis
- Class Valuation
- FIC Conferences
- Mortgage Coach
- Navigator Lending Solutions
- Old Republic National Title Insurance Co.
- Vantage Point Title

## NOTICE OF ANNUAL MEETING



The Annual Meeting of the American Credit Union Mortgage Association (ACUMA), a non-profit organization, will be held at 8 a.m. on Wednesday, September 25 during the ACUMA Annual Conference at the Gaylord National Resort in National Harbor, Maryland.

Actions to be taken at the meeting are approving reports from officers (including financial statements) and election of board officers.

The meeting is open to all members of ACUMA, including credit union, CUSO and affiliate members.