

Don't Pay Warren Buffet to Sell Your Home©

Did you know that Warren Buffet owns a real estate company? To be correct, he owns a real estate franchise company.

Warren bought the Prudential Real Estate franchise in 2012 and re-branded it Berkshire Hathaway Home Services of America. Since then he's acquired Long and Foster, Realty South, and several mid-tier independent brokerages.

He has 1,330 offices with over 47,000 agents in 47 states. He now owns the 2nd biggest real estate company in the country.

Why would Billionaire Buffet buy a real estate brokerage?

Because there's substantial profit in the commissions. The average real estate commission is 6% in the Myrtle Beach area and in many parts of the country it's 7-8%. The average home owner pays over \$12,000.00 in commissions and fees to have their home listed and sold by a real estate broker.

Warren's real estate company earned him and his shareholders a \$220 million profit in 2017. That's from the fees paid by all of the franchise brokerages to the parent company. That's only a small portion of the cream they skimmed off the top of all the commission paid by home sellers like you.

Maybe you've heard of Realogy? Realogy is a holding company that owns several large well known real estate franchises including Century 21, Coldwell Banker, Better Homes and Gardens Real Estate, The Corcoran Group, ERA, and Sotheby's International Realty.

Realogy Holdings Corporation received \$6.1 billion in revenues from their franchise offices in 2017 and reported \$431 million in profits and paid their CEO over \$8 million in total compensation.

Again, that's just their cut from the commission paid by home owners like you to their franchise brokers.

Billions of commission dollars are being skimmed off the top and kicked upstairs to corporations, executives, share holders, and broker & owners who do very little if anything to help sell your home.

Maybe you don't mind paying Warren Buffet or Gary Keller (Keller Williams) billions of dollars to help sell your home. But there's more to the story.

There are many more "players" with their fingers in the commission pie.

Third party referral and lead generation companies have stepped up to claim their share of the commission cream.

HomeLight.com, Veterans First, Dave Ramesy Preferred Provider, and many others typically charge 33% and often up to 50% of the commission paid to an agent for referring a buyer or seller client.

You may have seen the Homelight commercials. They promise to find you the "best" agent in your area to help you buy or sell a home. All of their "best" agents pay Homelight to get your referral.

Corporate and Military Relocation Services also charge big referral fees to send clients to real estate brokers. Some take advantage of our Veterans by only giving them a small portion of the fee they collect from the referral agents.

If an agent or broker will happily pay a 33% referral fee to a third party, shouldn't he be just as happy to provide that financial benefit directly to you?

Celebrity endorsements are another big money maker for third parties. For a hefty price, agents can have Sean Hannity, Glen Beck, Barbara Corcoran and others "personally endorse" them as the best agent in their community.

Depending on the program, agents can spend over a hundred thousand dollars yearly to run radio and TV celebrity endorsement ads.

Lead generation companies like Zillow, Trulia, and Realtor.com collect consumer contact information and sell it to real estate agents for billions in profits each year.

Realtor.com is owned by Media Mogul Rupert Murdoch who also owns Fox Broadcasting. Realtor.com generated over \$300 million in revenue for Rupert and his investors in 2017.

Big brokers and "elite" teams routinely spend \$10,000 a month or more for Zillow and Realtor.com leads.

Zillow Group, posted record revenue of \$282.3 million in fourth-quarter 2017 and increased its full-year revenue by 27 percent year over year to a record \$1.077 Billion in 2017. Just from selling your contact information to real estate agents.

"Elite" Real Estate teams act like mini brokerages. They're comprised of several team members all with different duties. A typical team will have an inside sales agent (a telemarketer), a listing agent, one or more buyer agents, a team leader, a marketing manager, an assistant and a transaction coordinator. When you list or buy a home from a team member, his commission is split with each member with a lions share going to the team leader.

Big brokerages, especially franchise brokerages retain a large percentage of the commission an agent or team earns.

Real estate agents are "Independent Contractors", they are not employees of the broker, just contract sales staff. Agents pay a percentage of the commission they earn to their broker. An experienced agent or team leader may only pay a 10-30% split while an inexperienced or new agent may pay 40 to 60% of the commission to the brokerage.

Large traditional brokerages, franchise brokers, and big teams simple can't afford to lower their commission and fees. Many are even cutting back on the level of service they provide you in order to maximize their profits.

Things are starting to change. There are now viable alternatives to the big brokerages and their high commissions.

Redfin (www.redfin.com), is a national brokerage expanding to major metro areas all across the country. Redfin lists homes for a total 4% to 4.5% commission (depending on the market and the home's price). Redfin is a big player in the "fair" price commission trend. They also provide buyer clients with a closing cost credit.

Redfin's website is expected to surpass Realtor.com in numbers of visitors in 2018. This is a strong indicator that home buyers and sellers have had enough of high commission and unexceptional service.

Locally there are several independent brokers who can provide you the same or better service as the big brokers for a better commission.

They are not "discount brokers". They are full service real estate companies who compete on price and performance and quality of service.

They compete by leveraging technology to control expenses. They do their own marketing and advertising instead of paying a Franchisor, Zillow, Homelight, or Sean Hannity. They apply their years of experience working for the big brokers to provide you with the best professional real estate services possible.

When brokers compete on price and provide exceptional service, you win.

The choice is yours. Pay Warren Buffet, or keep more of your money.

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