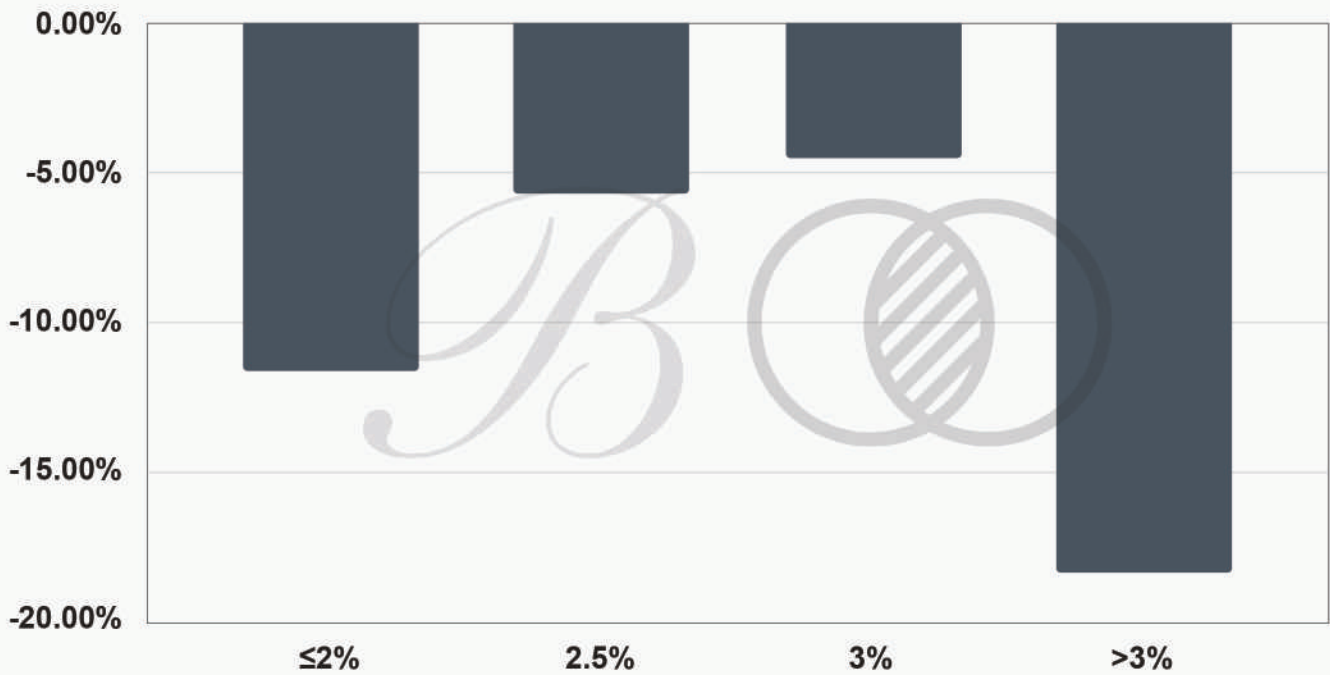


Buyer Agent Compensation & Listing Performance

An Analysis of 20,127 Listings in Central Texas

BAC & Sold to Orig List Price

AUSTIN METRO RESALE



The Austin real estate market is on the brink of significant change as new National Association of Realtors (NAR) settlement rules take effect on August 13, 2024, eliminating public records of buyer agent compensation. This comprehensive analysis of 20,127 resale property listings across the Austin Metropolitan Statistical Area (MSA) provides crucial insights into how buyer agent commission (BAC) has historically impacted listing performance. By examining key metrics such as days on market, seller success rates, and sale prices relative to list prices, this study reveals that listings offering a "market standard" BAC consistently outperformed others, highlighting the complex interplay between compensation, agent expertise, and overall listing strategy in achieving optimal outcomes for sellers.

Impact of BAC on Listings

Analysis of 20,127 resale property listings in the Austin MSA revealed a consistent correlation between "market standard" Buyer Agent Commission (BAC) and superior listing performance. Key findings include:

- › Listings with standard BAC showed lower days on market, higher seller success rates, and better sale-to-list price ratios
- › BAC categories examined: 2% or under, 2.5%, 3%, and over 3%
- › Higher BAC did not necessarily mean better performance; the "market standard" was the sweet spot
- › Performance metrics declined for listings offering above-market BAC
- › Results suggest BAC is one of several factors contributing to listing success, alongside pricing strategy, presentation, marketing, and property access

These insights provide valuable historical context as the industry prepares to undergo significant changes in BAC disclosure practices after August 13, 2024.

Sun City Submarket Findings

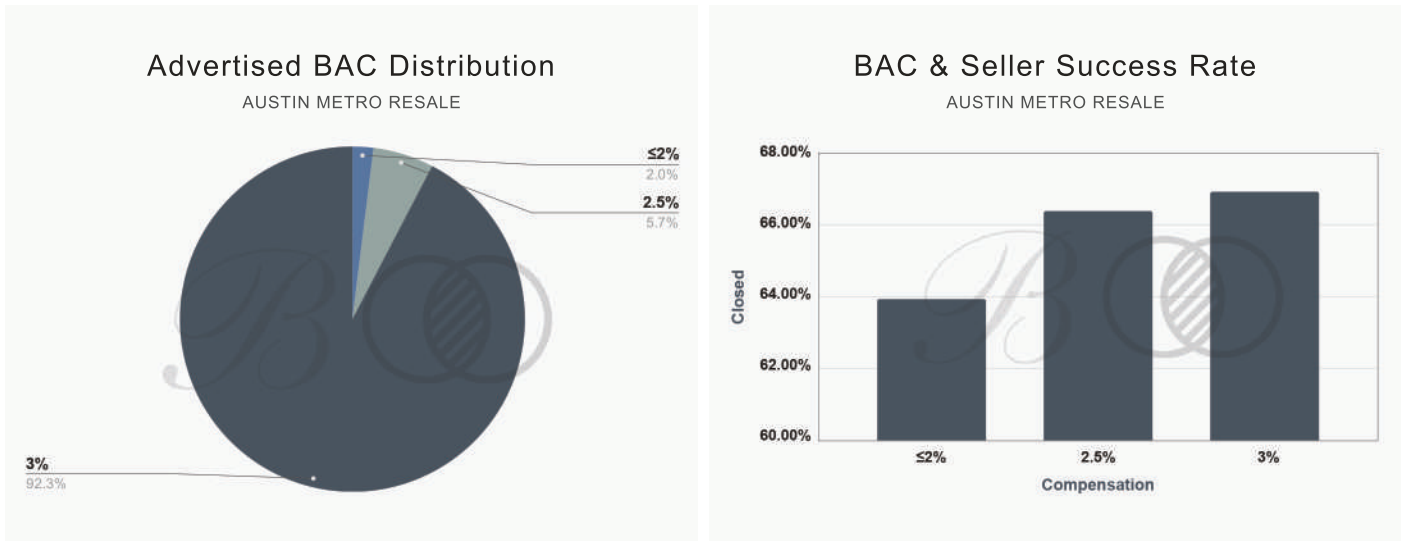
In the Sun City submarket of Austin Metro, where 2.5% is the predominant BAC, listings adhering to this "market standard" outperformed those offering less across all metrics. Interestingly, properties offering above the market standard BAC also underperformed compared to those at the standard rate. This localized analysis underscores the importance of understanding and aligning with submarket-specific norms, as BAC expectations can vary even within the broader Austin MSA.

Methodology and Data Sources

The analysis utilized data from 20,127 resale property listings across the Austin Metropolitan Statistical Area, including Travis, Williamson, Hays, Bastrop, and Caldwell counties. Data was sourced from ACTRIS/Unlock for the full year of 2023, accessed through the RESO feed. Listings were categorized by Buyer Agent Commission (BAC) as 2% or under, 2.5%, 3%, and over 3%. Key performance indicators examined included median days on market, seller success rates, median sold to original list price ratio, median sold price per square foot, and median sold price.

3% vs 2.5% vs ≤2%

Austin, TX Metro Resale Transactions



The analysis of Austin Metro resale listings reveals a strong preference for the 3% Buyer Agent Commission (BAC), with 92.3% of listings offering this rate, followed by 5.7% for 2.5% BAC, and only 2% for 2% and under. Despite selling for roughly 4.5% below the original list price, listings with a 3% BAC still outperformed those with lower BAC rates, which sold for 12% and 6% below the list price for 2% and under and 2.5% BAC respectively. This straightline correlation between higher BAC and better listing performance suggests that offering a higher BAC results in more favorable outcomes for sellers. The 3% BAC is the market standard commission.

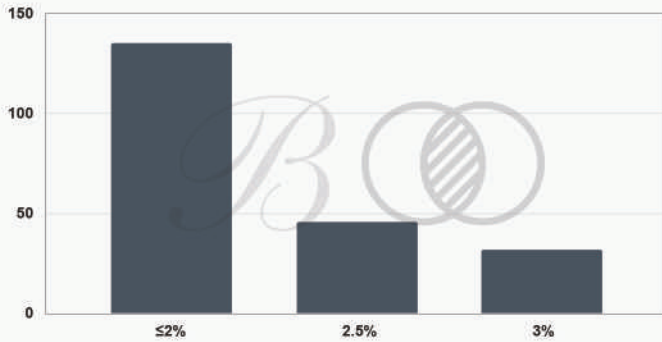
Further analysis reveals that the market standard 3% BAC significantly outperformed lower BAC rates across several key metrics. Listings with a 3% BAC had the highest median sold price at \$471,625, compared to \$403,000 for 2.5% BAC and \$391,867 for 2% and under. They also sold faster, with a median of 32 days on the market, whereas listings with 2.5% BAC took 46 days, and those with 2% and under took 135 days. Additionally, listings with a 3% BAC had a higher seller success rate (67%) and a greater median price per square foot (\$248) compared to lower BAC categories.

3% vs 2.5% vs ≤2%

Austin, TX Metro Resale Transactions

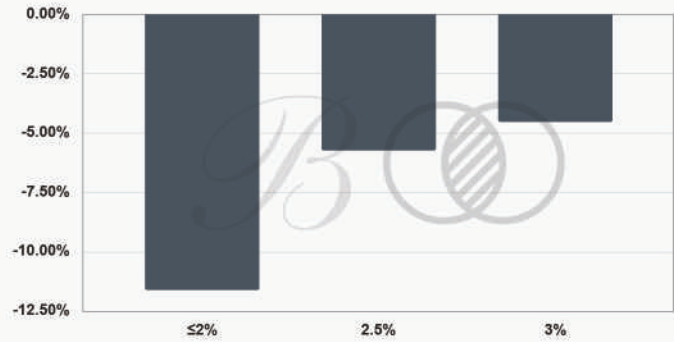
BAC & Days on Market

AUSTIN METRO RESALE



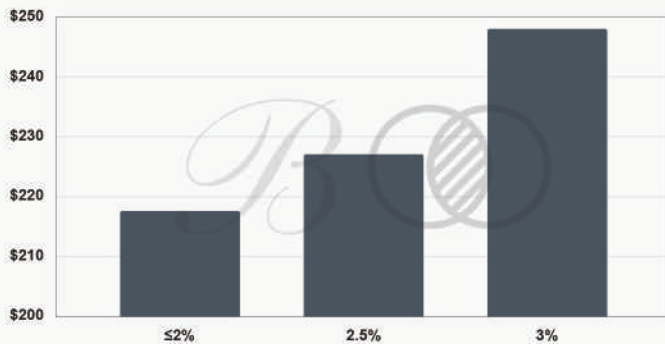
BAC & Sold to Orig List Price

AUSTIN METRO RESALE



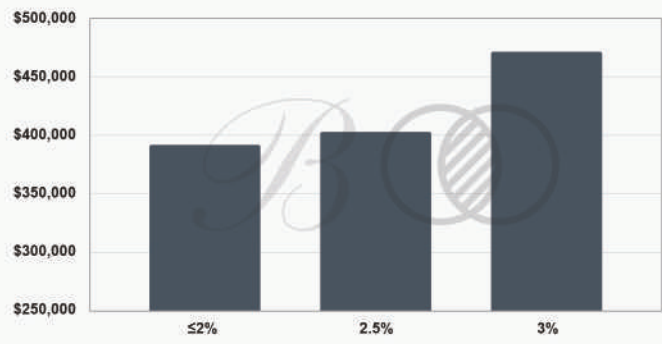
BAC & Median \$/SqFt

AUSTIN METRO RESALE



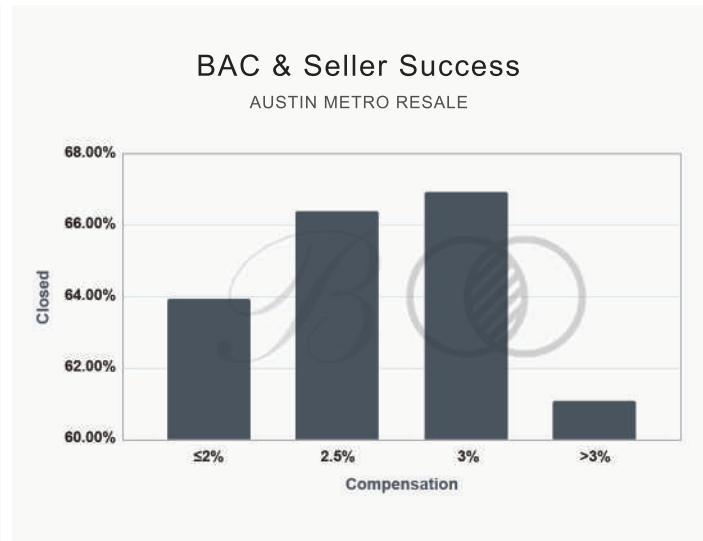
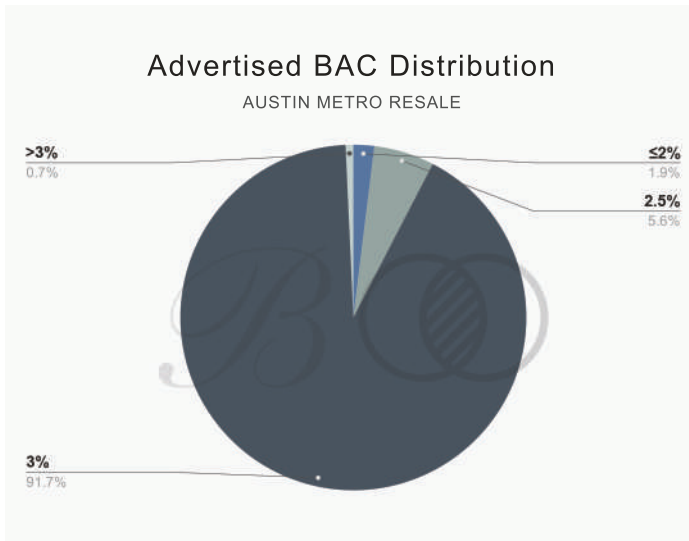
BAC & Med Sold Price

AUSTIN METRO RESALE



3% vs 2.5% vs $\geq 2\%$ vs +3%

Austin, TX Metro Resale Transactions



The data clearly indicates that the market standard buyer agent commission (BAC) of 3% correlates with higher seller success in the Austin Metro resale market. Listings offering a 3% BAC achieved the highest closure rates, approximately 67%, compared to significantly lower closure rates for those offering more than 3% BAC, which performed the worst at around 61%. Moreover, properties with a 3% BAC also had the shortest average days on the market, highlighting that they sold faster than properties offering either lower or higher BAC rates. This demonstrates that adhering to the market standard commission is a contributing factor to more successful and efficient property sales.

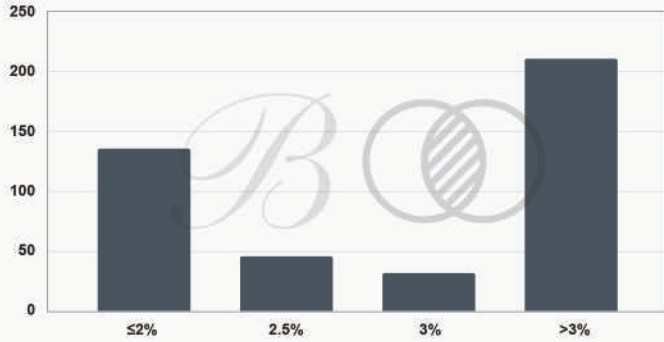
Furthermore, the advertised BAC distribution shows that an overwhelming majority of listings (92.3%) offered the market standard 3% commission, underscoring its acceptance and effectiveness in the market. Properties with a 3% BAC also sold at higher median prices and had a better dollar per square foot value. In contrast, listings with over 3% BAC not only stayed on the market the longest but also sold at the largest discounts to their original list prices, emphasizing that exceeding the standard commission does not translate to better performance. Therefore, maintaining the market standard BAC of 3% is essential for achieving optimal sales outcomes in the Austin Metro resale market.

3% vs 2.5% vs $\geq 2\%$ vs +3%

Austin, TX Metro Resale Transactions

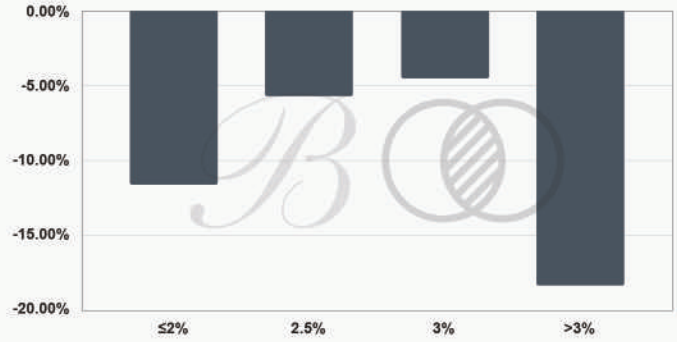
BAC & Days on Market

AUSTIN METRO RESALE



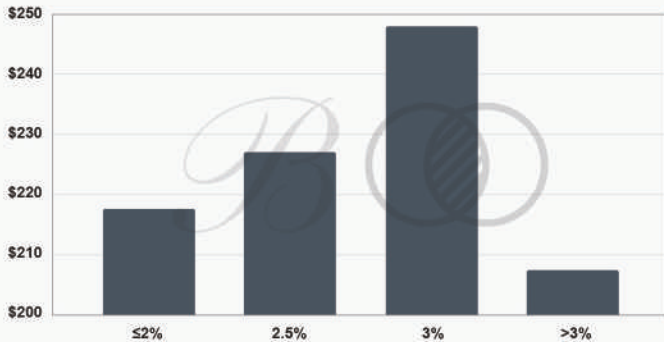
BAC & Sold to Orig List Price

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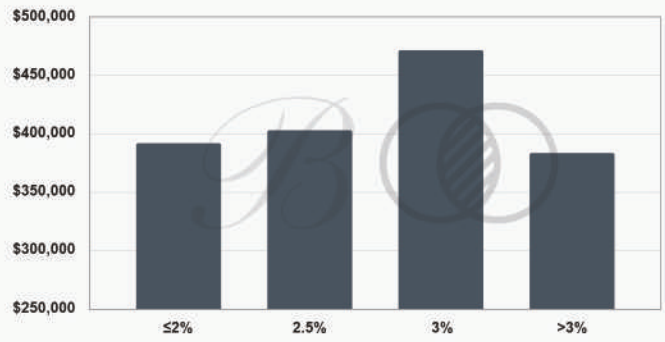
BAC & Median \$/SqFt

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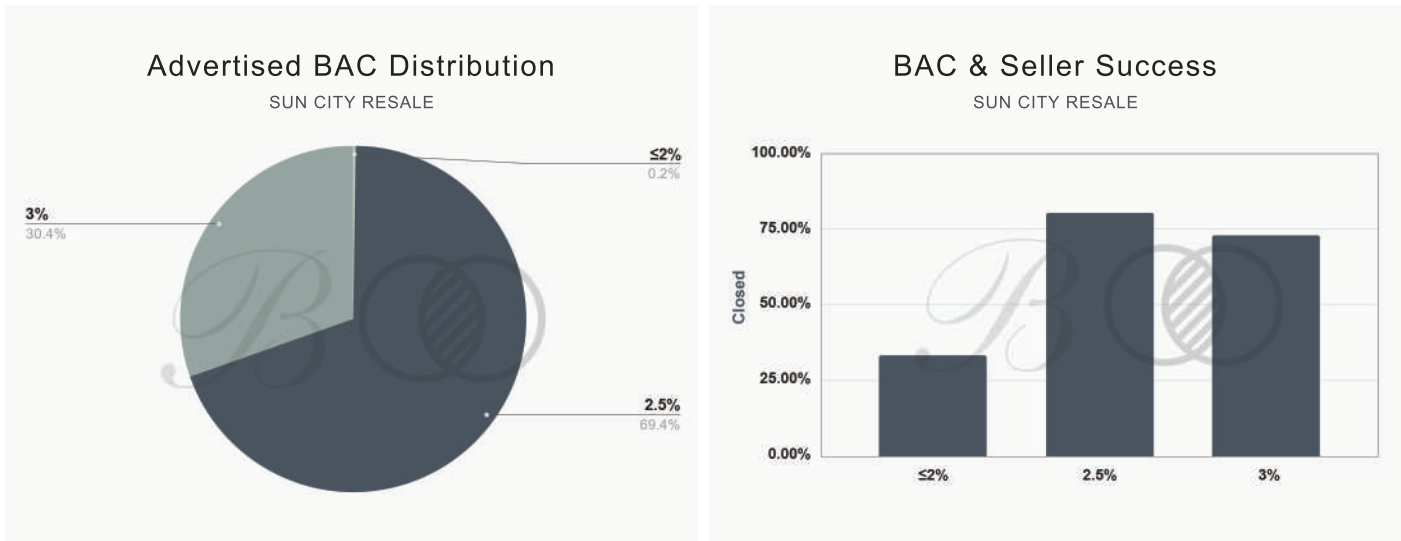
BAC & Med Sold Price

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3% vs 2.5% vs ≥2%

Sun City in Georgetown, TX (Austin MSA Submarket)



Sun City is a large neighborhood in Georgetown, TX which is a submarket of the Austin MSA. The data from the Sun City resale market indicates that the market standard buyer agent commission (BAC) rate of 2.5% significantly outperforms other BAC listings. Properties listed with a BAC of 2.5% have the highest closing success rate of around 80.5%, compared to 3% BAC listings at approximately 73%, and 2% and under BAC listings at just over 33%. This market standard rate also correlates with a lower number of days on market, with the 2.5% BAC listings at a median of 49 days, while properties with 3% BAC at 57 days, and those with 2% and under BAC with a median of 93 days.

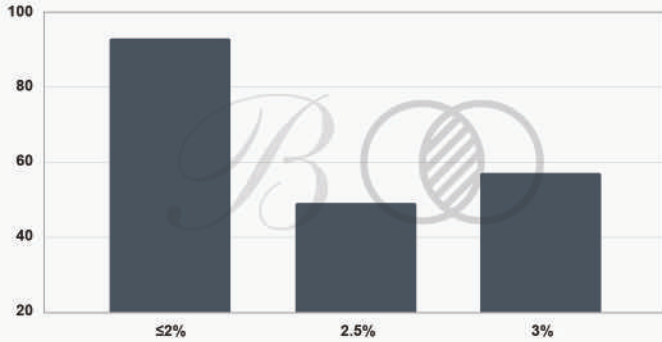
Further analysis reveals that properties listed with a 2.5% BAC also perform better in terms of financial metrics. These properties sell closer to their original list price, typically within 4.7% of the asking price, whereas properties with 2% and under BAC often sell at nearly 19% below the list price. Median sold prices and sold price per square foot are also highest for the 2.5% BAC range, suggesting that this commission structure attracts more competitive offers and leads to better financial outcomes for sellers in the Sun City resale market.

3% vs 2.5% vs $\geq 2\%$

Sun City in Georgetown, TX (Austin MSA Submarket)

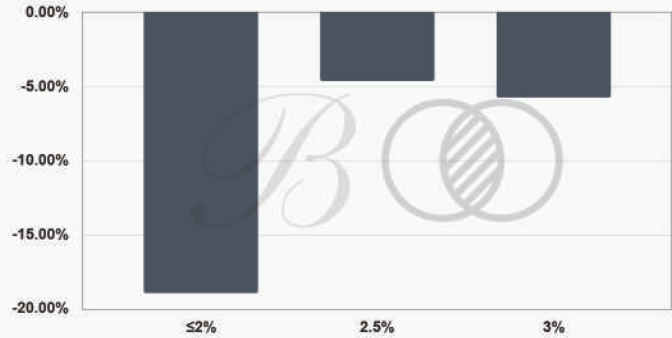
BAC & Days on Market

SUN CITY RESALE



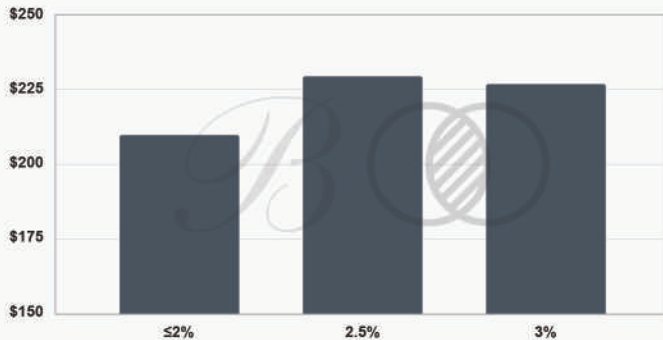
BAC & Sold to Orig List Price

SUN CITY RESALE



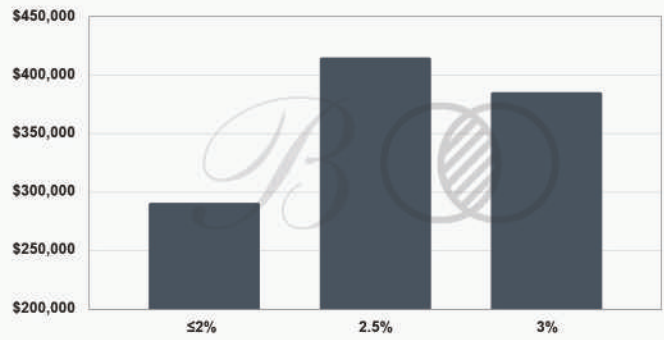
BAC & Median \$/SqFt

SUN CITY RESALE



BAC & Med Sold Price

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Summary & Hypothesis

First, thank you for reading this far! We had a lot of fun crunching the data and learned quite a bit while doing so. Notably, we did not include new construction properties in this report because the data wildly deviates from resale data. We may dive into that at a future date. Agents have asked us for this data for a while now and we've always been hesitant to provide it because we know that many variables contribute to a listing's performance and it's impossible to isolate a single variable's contribution to that performance (maybe AI can figure it out one day).

The most commonly requested data is "How do market standard BAC listings compare to lower BAC listings" which is valid since agents often have to explain to sellers why they should expect to pay a market standard commission. Agents intuitively know this is important and they want the data to back it up. All data points to this conclusion: Market standard commission correlates with the best performing listings. But why?

While it could be argued that offering a lower BAC causes less buyer's agents to show properties, the data disproves this. It is notable that commissions that exceeded the market standard also performed more poorly.

Therefore, we believe that a market standard commission correlates with many contributing factors that cause listings to perform better: property preparation, correct pricing, effective marketing, and easy access for showings. These all correlate to a competent agent working with a reasonable seller being the two greatest factors for a listing's success.

Data Sharing

We would love for you to share this report with anyone who would benefit from it, but please share it in its entirety and without altering it in any way. We think that this data and analysis can help agents and sellers, but we also think it can be misused if a few charts are taken out of context.