

Study: FSBOs Net ‘Significantly’ Lower Profits



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For-sale-by-owners tend to sell their homes for lower prices than homes sold through traditional agents via the MLS, and in many cases below the average differential represented by the prevailing commission rate, according to a new study [by Collateral Analytics](#).

The study examined the price differences between homes sold through traditional agents versus those sold by FSBOs from 2016 to the first half of 2017.

Some homeowners may be tempted to try to avoid commission costs to a broker and try to sell the home on their own. But that can backfire and turn into a much lower sales price, the study found.

Even successful FSBO sellers achieve prices “significantly below” those from similar properties sold more traditionally via REALTORS®, the study found.

The authors found that the differential in selling prices for FSBOs when compared to MLS sales is “remarkably close to average commission rates.” A FSBO sale, on average, nets nearly a 6 percent lower price than an MLS sale for a similar property.

“Assuming that both buyers and sellers pay the commission, one might have expected something less than this average,” the researchers note.

“It appears that many sellers are avoiding commissions while netting home prices less than they would with an agent-represented MLS sale. They are avoiding commissions at any price, even one that exceeds a commission rate.”

Source: “[Saving Real Estate Commissions at Any Price](#),” *Collateral Analytics Research* (Aug. 16, 2017)