

Recommend < 56

Tweet < 33

g+1 < 1

[Comment](#)

53

• [Story](#)• [Photos \(1\)](#)

Vancouver home sales are delivering record commissions to realtors.

Photograph by: Gerry Kahrmann , PNG

VANCOUVER —Love 'em or hate 'em, most British Columbians will not buy, or sell, without one.

According to a survey conducted recently by Survey Sampling International, 86.3 per cent of B.C. residents who engaged in a property transaction in the past four years, did so with help from a realtor.

Vancouver realtors are capitalizing on this reliance on their services at a time when sales are booming and potential commissions, based on the market price of homes, have never been higher.

Most realtors negotiate their commissions, usually paid based on a percentage of a home's sale price. Typically, it's seven per cent of the first \$100,000, and 2.5 per cent of the balance.

While the Real Estate Board of Greater Vancouver cautions that a new realtor's income "can be hard to predict," without doubt, these days Vancouver — with the highest property prices in Canada — is offering opportunities for enormous sales commissions.

Vancouver homeowner Ronald McNeill wrote me to say he would like to downsize, but finds the realty commissions that would be involved "horrific".

The cost "was not unreasonable 10 or more years ago, but, in the current market, these fees are quite absurd.

"Realtors will tell you their fees are negotiable, but just try and see where you get."

McNeill believes it is high time for a downward adjustment in Vancouver realtors' fees given that home valuations here have increased so dramatically.

It is interesting to note that the Real Estate Board of Greater Vancouver, with 11,000 members, for years has lobbied B.C. to reduce its percentage take for the Property Transfer Tax — precisely because house prices have risen so much since the tax was introduced in the 1980s.

But the real estate board does not use the same logic when it comes to percentage commissions payable to its realtors, opposing any reduction.

I frequently hear complaints about realtor commissions from people who feel that buyers themselves do much of the work these days in locating a home to purchase, using online search tools.

FeeDuck, a Toronto online service launched earlier this year, is trying to play a role in forcing down commission payouts. Its website invites realtors to engage in a "reverse auction" to compete for listings, with realtors willing to work for the lowest commission often winning rights to represent the listing.

Another new realty company, RebateCrew, is challenging the status quo. It issued a news release the other week pointing out that, "Fifteen years ago, the average cost of a detached home in Vancouver was \$390,000. Today, that price is \$1.27 million.

"That means realtors receive a commission that is more than triple what it used to be. Meanwhile, the minimum wage has only increased from \$8 to \$10, and the average household income has only increased by 15 per cent.

"A realtor can now earn more than the average annual income of a Canadian by selling two average-sized homes in Vancouver."

Quite true. The sale of a \$3-million home, for example, would typically net a realtor around \$83,475; and \$28,000 on an \$800,000 home.

That said, selling agents pay 30 per cent back to their realty company and split commissions with the agent representing the buyer. According to the WorkBC website, realtor annual earnings across B.C. — directly reliant on an individual's sales volumes — typically run between \$53,000 and \$66,000.

Despite the fact property sellers hand over significant chunks of cash for realty services, they are surprisingly cavalier about choosing their agent.

The Survey Sampling International poll found 70 per cent of the 600 respondents probed did not bother interviewing their realtor before hiring them.

A majority in B.C. report satisfaction with work the realtor did for them, although fewer than half would use the same realtor again. British Columbians who feel jilted by their realtor can complain to the Real Estate Council of B.C., mandated to protect the public interest by enforcing provisions of the Real Estate Act. The council expects to receive some 500 complaints in 2015.

byaffe@vancouver.sun.com

© Copyright (c) The Vancouver Sun

- [E-mail this Article](#)
- [Print this Article](#)
- [Share this Article](#)

More on This Story

- [Barbara Yaffe: Home buyers are suckers to get into bidding wars](#)
- [Barbara Yaffe: B.C.'s underground economy likely leads all other provinces](#)
- [Barbara Yaffe: No real incentive for politicians to act on housing affordability](#)

Story Tools

- [E-mail this Article](#)
- [Print this Article](#)

Font:

- *
- *
- *
- *
- *
- *