

New Lawsuit Finds Realtor Commissions Illegally High



A new almost \$2B lawsuit against the National Association of Realtors has found that they have illegally colluded to keep commissions high.

If Realtor commissions are illegally high, what's next for the industry?

How might this completely change the dynamics of the US real estate market?
What moves should investors be making now?

Too High?

This latest ruling expands on other recent settlements by major brokerage chains, and several years of investigations by the Justice Department.

It's likely we are just seeing the tip of this iceberg and its impact.

While it may sometimes appear that real estate agents do very little for their paychecks, it is also true that once you do the real math, the average agent may just barely make minimum wage.

Individual agents actually net just a small percentage of the gross commission paid by sellers. Often less than 25%. When you consider the time, liability, negotiation benefits, and efficiencies Realtors offer, the best can certainly be worth everything they are paid.

Disrupting The Industry & Market

While NAR is certainly still a well-funded and powerful lobbying force, it may eventually lose its place as the 'ethics' association of the industry. This, of course, didn't happen after re-stating years of back data in the wake of 2008.

However, there may now be more powerful and better-funded influencers and disruptors looking to change the dynamics of this space.

The UK and Australian property markets have been pointed to as preferable models by some. These are markets where agent commissions can often be lower. What's important to notice about markets like these is that not only is there often no license needed to be an agent, but housing prices are far more expensive as a result, and investors are often limited to investing in real estate purely for wealth preservation, and even accepting negative cash flow as the norm. These factors have long made America such a highly attractive and preferred international destination for capital flows. The alternative models also put a lot more control in the hands of those with the inventory.

Investing Amidst The Change

While it may take more time for this shift to take effect, now is the time to invest ahead of it.

In the wake of this news, publicly traded companies like Zillow, Redfin, and even Warren Buffett's Home Services saw their stock prices take a hit, as investors perceived their value, which relies on these commissions, may be on the verge of decline.

Now is the time to align with those who have access to inventory and the best deals. And to lock into cash-flowing assets.

While the best agents may still offer a lot of value, there may also certainly be more ability to negotiate their commissions going forward as well.

Investment Opportunities

Find out more about investing in secured debt and real estate, go to **NNG Capital Fund**.

If you are an **Accredited investor** and would like to learn more about how to become a Capital Partner with NNG Capital Fund, Click **here** to set up a discovery call today!

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