

# *Answering the Commission Question*

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From time to time, and mostly from people who don't know me, I get an email or a phone call where the commission question comes up front and centre: "Can you tell me what your commission rate is?" I know that this consumer has decided that commission is the most important issue. It's not that I have not dealt with the question before but it seems that the consumer's assumption is clear that "all Realtors provide the exact service but for different fees". That assumption is very wrong.

Each agent develops a style with services that they include when selling property. Knowing this, the first question I am surprised that a consumer does not ask is "What services will be included in the commission that I will be paying?" Each successful Realtor I know, has developed their own technique that they use to accomplish results.

Before the discussion begins please realize that the listing agent, who collects the commission from the Seller, usually offers half of that commission to the Buyer's agent. That agent needs to be out in the marketplace daily, viewing listings, guiding and presenting successful offers for their clients. Please note that no commission gets paid to either until the property closes. Not many business models exist where all the work has to be completed before any money changes hands.

I cannot speak for what other Realtors provide, I suggest a service fee of 5%, half going to the Co-operating Broker and here are the services that I include for my half of the commission:

- I am a big believer in staging, so I offer all my clients a written staging consultation with a home stager at my expense.
- Floor plans allow a prospective buyer to imagine their furniture in the property so I pay for the property to be measured. Some Buyers who can only justify asking price in relationship to square footage.
- Professionally shot property photos are hugely important in today's marketplace so all my listings are professionally photographed at my expense, featured with Virtual Tours and Video on my YouTube Channel.
- Your property will be on TorontoMLS and on REALTOR.ca but they will also have virtual tours and at least 21 professional photos as well as professional floor plans attached to the listing for both Realtors and the consumer to view.
- I am known for providing Agent Open Houses with food served at my expense. It encourages the Realtors to spend more time, look around, feel comfortable and engage with each other.
- Announcements of new listing and their Open Houses are broadcast on Twitter, Facebook, LinkedIn and more.
- I have often been surprised at the power of "neighbour marketing" so I send out Just Listed and Open House invitation cards to the surrounding 2000 homes at my expense.
- I long ago realized the importance of the Internet so not only are properties

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## Staging

placed on the TorontoMLS system, they are on REALTOR.ca, shared on the Toronto Real Estate Board's Internet Data Exchange or IDX, they also appear on my sites: [www.RichardSilver.com](http://www.RichardSilver.com), [www.Torontoism.com](http://www.Torontoism.com), and [www.DowntownTorontoNews.com](http://www.DowntownTorontoNews.com) as well as our Company sites [sothebysrealty.ca](http://sothebysrealty.ca) and [sothebysrealty.com](http://sothebysrealty.com).

- These sites are optimized professionally to be on the front pages of the Search Engines in the top 30 categories of search terms for Toronto Real Estate.
- I am always available and there is a great group of back-up staff and marketing specialists who handle extraneous appointments, database and follows up with showings and updates on your property.
- Recognizing that today's buyers have changed the way they shop (that is a whole other Blog), I suggest Open Houses for the public on every possible weekend. I have been working with a trusted group of Realtors below who handle those Open House if I am not available.
- There are two colleagues who I look to for assistance in making sure my Buyers and Sellers are getting the best of service. I have found that over the years, property marketing has become much more complicated and a consuming time commitment leaving me frustrated when trying to search for Buyers at the same time. These salespersons have been excellent in helping our Buyers find the best available in today's marketplace because they focus on that task. (See Below)
- Your property will also have virtual tours and at least 21 professional photos as well as professional floor plans attached to the listing for both Realtors and the consumer to view.
- I do advertise in the Globe and Mail on Friday's but find that a banner ad sending interested parties to the web is the best way to go. Very few contacts have ever come from print ads today. 90% of Buyers are now searching on the Internet.
- I happily work with other agents in facilitating offers on your property to get you the best price possible in today's market.
- Hopefully this list provides some clarity about how I handle my business model but remember that each of us bring a different set of services to the table and those services may be offered to the consumer for different commission rates. My suggestion when shopping for a Realtor would be to ask them to list the services that they provide when listing a property.
- When you know what is involved, then it is up to you to decide whether the value is there to commit to that Realtor. If not, you have over almost 100,000 other options in Canada and over 1,000,000 in the United States.

# Where Does the Commission Go?

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The commission paid on a real estate transaction is usually a percentage of the purchase price.

Traditionally, commission is paid by the Vendor to the Listing Broker. Any Cooperating agents involved in the transaction are paid through the Listing Broker. Each Broker then “splits” the commission with the agent according to their contract.

