



Is the Era of the Celebrity Real Estate Agent Over? Industry Reacts to Settlement That Could Slash Commissions

Hadley Meares Sat, 16 March 2024



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Sat, 16 March 2024 at 11:45 am GMT-5-5-min read

On Friday morning, March 15, star real estate brokers across the country awoke to the news that the embattled [National Association of Realtors](#) (NAR), which represents around 1.5 million agents, had made an industry-altering deal. Not only will NAR settle several lawsuits claiming artificial inflation of commissions to the tune of \$418 million, but also it will institute rule changes that may bring

soaring real estate prices down while decreasing realtors' commissions significantly.

“NAR has worked hard for years to resolve this litigation in a manner that benefits our members and American consumers. It has always been our goal to preserve consumer choice and protect our members to the greatest extent possible,” NAR interim CEO Nykia Wright said in a [press release](#). “This settlement achieves both of those goals.”

So seismic was the news that some of the country's biggest brokerages refused to comment to *The Hollywood Reporter* on the deal. If the new rules are approved by a judge, agents will no longer be allowed to bake the industry standard of 5 to 6 percent commission into their MLS listings. Brokers will also be required to sign a buyer's broker agreement directly with clients and not be required to sign up for multiple local MLS sites. Currently, a commission for the buyer's agent is baked into a deal and paid by the seller.

According to *USA Today*, The Consumer Federation of America has predicted commission rates could fall 3 to 4 percent, while homeowners could save \$20 billion to \$30 billion in commission payments each year. The historic run-up in home prices nationwide over the last decade and a half has been accompanied by a proliferation of TV shows about the high-flying real estate business, including *Million Dollar Listing*, *Selling Sunset*, *Buying Beverly Hills*, *Selling the Hamptons*, *Kendra Sells Hollywood* and *Flip or Flop*.

Many L.A. industry leaders were cautious in their assessment of the proposed agreement. “Regarding the NAR settlement, we are still in the early innings of this game,” Stuart Vetterick, broker associate at Hilton & Hyland/Forbes Global

Properties, told *THR*. “It will be critical for everyone in and around this industry to pay close attention as each aspect of the plan is worked through and disseminated.”

Some believe that slashing standard agent commissions will have a devastating impact on the industry. “There are countries that are structured similar to what I think the Department of Justice [which has been conducting a probe of the real estate industry and its competitive practices] and these plaintiffs are looking for. And in those countries, Australia being a preeminent example, less than 10 percent of buyers use an agent, and when they do, they only pay one percent. So essentially the buyer agent commission is gone and that is something that could happen in this country,” [Jason Oppenheim told *THR*](#) in 2023. “If buyers aren’t required to have agents in the U.S., in the future you’ll see a million jobs lost. You’ll see 500,000 to 750,000 agents leave the profession, and you’ll see probably a quarter million people who work at large brokerages lose their jobs.”

A vocal critic of NAR, which dominates the industry via its MLS system, is celebrity real estate agent [Mauricio Umansky](#), co-founder of The Agency brokerage and star of Netflix’s *Buying Beverly Hills* real-estate reality series. Earlier this year, Umansky and New York-based Compass agent Jason Haber announced a new, alternative trade association to NAR named the [American Real Estate Association](#). They also set up an alternative nationwide listing database to rival MLS, the National Listing Service.

“The American Real Estate Association believes NAR’s decision to settle this lawsuit unequivocally demonstrates a lack of interest in serving their members or safeguarding consumer interests,” Umansky said in a statement

to *THR*. “American Real Estate Association is actively collaborating with Fannie Mae and HUD to bolster the buyer’s incentive program to include commissions. NAR’s self-serving involvement in this settlement is primarily aimed at ensuring the organization’s financial stability over the next several years. As industry leaders, it’s imperative that we remain vigilant in safeguarding the interests of buyers while also fostering a transparent and equitable real estate market for all stakeholders.”

Thomas Ma, founder of [Real Messenger](#), which aims to give brokers control over their listings, is more positive, believing a new day is dawning in the world of real estate. “We are witnessing a monumental shift in the real estate market. Agents will need to compete on commission rates, which may impact service quality, and prospective buyers will shop around for the best deal before committing to a purchase,” says Ma. “We are entering a new era where brokers will transparently advertise their fees, signaling the biggest change in the housing market in a century. Are these changes ultimately good for the consumer? Time will tell.”

Not all celebrity real estate agents are worried about the proposed changes, remaining confident that their services will continue to be highly valued, especially by high-net-worth individuals when selling luxury properties. Michael Reisor, a real estate agent with Douglas Elliman’s Eklund | Gomes team in Austin, Texas, [told *The Washington Post*](#) regarding the settlement, “It does put the emphasis on what we always felt was most important: You have to be showing value to your clients, and you have to be providing exceptional service and communication constantly. And nobody should be paying for a service if they don’t feel that there’s value there.”

If the NAR settlement and changes are approved, they are expected to go into effect in mid-July, giving brokerages just a few precious months to figure out what it all means. But most are up for the challenge (not that they have much of a choice). “Change creates opportunity, and in this case, the true professionals in our business will now be charged with articulating the value we’ve always demonstrated,” says Nick Segal, managing broker of Carolwood Estates. “We are ready for this new reality and will continue to provide tremendous value to both the buyers and sellers we have the privilege to serve.”