Real Estate

San Francisco Chronicle and SFChronicle.com | Sunday, August 25, 2024

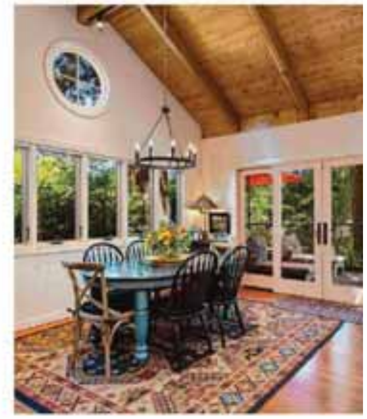
SPONSORED CONTENT

Stunning modern oasis

Claremont Hills home balances landscape, architecture **J4**

CHRISTIAN KLUGMANN

This unique residence serves as a statement of elegance and exclusivity.



Brian McCloud

Hot Property

Healdsburg's Tucker House has been carefully updated while preserving its historic charm.

J18

Sound Off:

How agent compensation has changed. **J2**

PROPERTY POST

Quick Move-In Homes Available in Toll Brothers Regency at Tracy Lakes 55+ Resort-Style Community In Tracy, California

J3

Sponsored by:

REAL ESTATE

CONTACT US

The Real Estate and Home Guide sections in the Sunday editions are produced by Sentinel Media Services, a content provider, specifically for The Chronicle.

Amir Rezaee
415-777-7387
ARezaee@sfchronicle.com
Steve Weimer:
Vice President, Classified Advertising
415-777-7257
SWeimer@sfchronicle.com
K. Cathey: Coordinator
Jordan Guinn: Staff Writer

How to reach The Chronicle and Sentinel Media Services
Mail:
Real Estate Section
San Francisco Chronicle
901 Mission St.,
San Francisco, CA 94103
Email: realestate@sfchronicle.com

INSIDE

Average rate on a 30-year mortgage eases to 6.46%

By Alex Veiga
AP BUSINESS WRITER

The average rate on a 30-year mortgage eased this week to its lowest level in 15 months, welcome relief for home shoppers navigating a housing market that remains out of reach for many Americans.

The rate fell to 6.46% from 6.49% last week, mortgage buyer Freddie Mac said Thursday. A year ago, the rate averaged 7.23%.

The average rate is now the lowest it's been since mid-May last year, when it was 6.39%.

Borrowing costs on 15-year fixed-rate mortgages also fell this week, good news for homeowners seeking to refinance at a lower rate. The average rate fell to 5.62% from 5.66% last week. A year ago, it averaged 6.55%, Freddie Mac said.

Mortgage rates are expected to continue trending lower overall this year, as signs of waning inflation and a cooling job market have raised expectations that the Federal Reserve will cut its benchmark interest rate at its policy meeting next month, which would be the first such easing in four years.

"Although mortgage rates have stayed relatively flat over the past couple of weeks, softer incoming economic data suggest rates will gently slope downward through the end of the year," said Sam Khater, Freddie Mac's chief economist.

After jumping to a 23-year high of 7.79% in October, the average rate on a 30-year mortgage has mostly hovered around 7% this year — more than double what it was just three years ago. But this month, the average rate has made its biggest downshift in more than a year, sliding to around 6.5%.

SOUND OFF

Can you help clarify the changes that have been made to agent compensation?

A: In response to the recent NAR lawsuit, the real estate industry is undergoing significant changes that have introduced new challenges for both buyers and sellers. One key change is that buyers must now sign a representation agreement before touring homes with their Realtor. This agreement formalizes the agent's commission (historically 2.5% to 3%), regardless of whether the seller is covering that cost. This shift places more responsibility on buyers to understand and negotiate these fees upfront.

On the selling side, sellers now decide how much of the buyer's agent's commission they will cover, if any. While some sellers may opt to limit their contribution, many experienced listing agents continue to recommend that sellers cover their commission as part of their marketing strategy. Why? Quality buyers often work with quality agents, and covering their fee helps attract serious, well-represented clients.

Despite increasing options for lower commission rates, such as discount brokers, the truth remains: you get what you pay for. Full-service agents, like myself, continue to provide top-tier representation in exchange for the standard 2.5% commission.

While discount services like Redfin have been around for over a decade here in the Bay Area, their market share has dwindled. Here in the land of earthquakes, fires, lawsuits and permitting nightmares, homebuyers opt to pay a premium for sophisticated agents that can help them to avoid headaches and to ensure their investment is safe.

Danny Yadegar, Generation Real Estate, 510-909-8330, danny@yadegarhomes.com.

A: New rules went into effect on Aug. 17, due to a settlement announced by the National Association of Realtors, which will change how real estate agents work with home buyers and sellers.

It doesn't explicitly change agent commissions, but provides more transparency on where these commissions are displayed. These changes will also help bring about meaningful conversations between agents and their buyers and sellers regarding fees.

The seller will still sign a listing agreement with their agent setting their commission. These fees will remain negotiable. The listing agent may still offer a part of their commission to the buyer's agent, but they can no longer advertise the commission details on the MLS. They can advertise them elsewhere.

Under the new rules, buyers will sign a buyer representation agreement stating how much their agent will be compensated for representation before going out to look at properties. If the seller doesn't agree to offer compensation to the buyer's agent, the buyer will have to pay their agent for representation.

As an experienced broker, I worry these new rules will make it more difficult for first-time homebuyers who may have to pay their agent for representation. This could price out Bay Area homebuyers in some areas where the median home price exceeds $2 million.

Jeff LaMont, Coldwell Banker Realty, 650-740-8808, jeff@jefflamont.com.

A: In the past, the seller determined and covered the commission, typically paid through a unilateral compensation structure. The seller would make an offer of compensation to both the listing agent and the buyer's agent.

However, moving forward, this model is shifting. The buyer's agent commission will now be directly negotiated between buyers and their agents, rather than being predetermined by the seller.

While the mechanics of payment are evolving, the end result may not differ drastically from the current structure in practice. It is likely that sellers will continue to offer concessions for buyer agent commissions.

This is because doing so provides significant advantages, such as enabling buyers to finance the commission as part of their mortgage, which increases their purchasing power as they don't have to dip into their down payment savings.

Sellers might find it beneficial to maintain this practice to attract more buyers and facilitate smoother transactions.

Suna Mullins and Mike Annunziata, North Point Real Estate Group, 415-516-3273, suna@npregroup.com, mike@npregroup.com.

WANT TO CONTRIBUTE TO ASK A REALTOR?

Send an email to Jordan Guinn at Realestate@sfchronicle.com