

## ***Cutting off a Mule's Ear Doesn't Make it a Horse - What It's Not, It Will Never Be.***

Recently there has been much media attention with respect to commission structures and the nature of a Real Estate agents work. As part of the real estate industry, and as the writer of this article, I obviously come from a biased perspective. I write in defence of the real estate industry, and its place in our society: built, as it is, around the exchange of services for financial reward.

Three principal arguments appear to be offered up as rationale for the 'wholesome gutting' of the current structure of the profession. I would like to address them each individually.

First, and second, it is suggested that the MLS system stifles competition; if available to all consumers, without the intervention of real estate agents, then agents would not be necessary. There are some fallacies in this position as well as some injustice. First, the MLS system was created by – as well as owned by – the real estate industry; there are many other websites carrying listings that are publicly available and widely used; the real estate industry supports the MLS system and the reason being is, in exchange for their support, they know there is a reasonable chance of getting paid for their efforts. This injustice forces the real estate industry to share at no (or nominal) cost their intellectual property with the general public.

***“Beware of little expenses: a small leak will sink a great ship.” –Ben Franklin (1706-1790)***

Although the access to information is an important part of a real estate transaction, it is by no means the only part. There are numerous components, each of which individually could be handled by a seller or a buyer. I believe however, as a whole, these are better handled by a third party individual; preparing and marketing the property, keeping track of the interested parties on a timely basis, securing the property for showings, making the property available for showings at times convenient to the buyer: not to mention, negotiating the incidental terms of a contract, including; subject thru possession, deposit amounts and tenancy agreements that need to be dealt with or holdbacks arising out of deficiencies or as a result of new construction and required repairs.

All are issues that need to be handled with care and can prove to be complex matters. There is also the process of investigation of a property, including; researching municipal records, zoning issues, building inspections, strata minutes and proceedings, ongoing strata litigation, preliminary title searches, and provision of title charges. Further, there is carrying the transaction through to

subject removal, and then to completion. The process of arranging and attending at building inspections, assisting with mortgage approvals, arranging surveys, or title insurance and building insurance. This is a process best described in the words of John Donne - ***“There is many a slip between cup and lip.”***

Finally, and perhaps the most difficult, is the process of finding agreement on price. This involves the provision of comparable market evaluation, the negotiation of position based on current market forces, and finally the individual positions of buyer and seller.

All of these aspects to a transaction, which are not described exhaustively, are part of a capable agents skill set. Which, in my experience, are usually best handled by a real estate agent and not directly between the parties.

The third argument often raised by those from outside the profession is the aspect of compensation. It is not a subject that is well understood or sympathetically treated by those not in a commission structured business. However, there are a few points that I would like to make. First, there are countless instances of real estate agents writing not one or two, but ten offers for a client before a deal actually comes together; often a deal never comes together. The real estate agent shows numerous properties, and after weeks or months of effort, the buyer changes their mind; buys through another party or decides not to move.

For every one deal that appears effortless and reeking of over compensated real estate agents, there are twenty more where the hours of work – if charged on an hourly basis – would be well less than that of many trades people or professionals earn. Lastly, it needs to be stated; real estate remains primarily a commission industry – ‘no sale, no commission.’ The costs of carrying a listing for months, only to have it withdrawn as a result of market changes or a seller's change of heart are borne by the real estate agent...and the real estate agent, alone. In many cases real estate is a well paid profession and in the same breath, in many cases it is not. Critics are invited to try it and perhaps, they can then appreciate the old adage about the grass being greener.

**Respectfully submitted,  
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