

Should You Hire a Buyer's Broker in NYC?



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Hiring a buyer's broker in NYC and requesting a **NYC buyer agent commission rebate** is the most important first step when buying a property in New York City. **Sellers in NYC** have agreed to pay the same total commission whether there are one or two agents working on a deal, so the services of a buyer's broker are free and already built into the sales price.

Moreover, having a seasoned professional alongside you during the purchase process is critical given the complexity of New York City's real estate market.

Many buyers are under the impression that their offer will be more competitive to the seller if there is no buyer's broker involved in a deal.

This couldn't be further from the truth. Because sellers pay the same total commission no matter what, an unrepresented buyer doesn't have any economic advantage.

In addition, there are huge downside risks of working directly with a **NYC listing agent**. This is called dual agency, whereby the listing agent works for both the buyer and seller and therefore does not have the buyer's interests at heart.

Hiring a buyer's broker can be a win win if you consider the fact that you can request a buyer's broker commission rebate. In addition to receiving a cash commission rebate at close and saving money on your transaction, you will also benefit from having an experienced negotiator and market expert on your side to navigate through the complexities of your NYC real estate deal.

Why should you hire a buyer's broker in NYC?

- You can save thousands of dollars by requesting a **NYC broker commission rebate**
- Dual agency is dangerous
- Buyers' brokers are free in NYC
- A buyer's broker can negotiate more effectively and save you money
- Professional advice can help you more effectively navigate NYC's complex real estate market
- You are busy, new to the NYC market and/or **buying a co-op**

Reason #1: You Can Save Thousands by Requesting a NYC Buyer Broker Commission Rebate

Requesting a buyer broker commission rebate in NYC is an automatic way to lock in savings of thousands of dollars on your purchase price. The concept of a buyer broker commission rebate is quite simple. The logic works as follows:

- Sellers in NYC pay the same total commission whether or not a buyer's broker is involved
- If you work directly with a listing agent, the listing agent gets paid double commission (6%) and you stomach the risks of dual agency
- If you work with a buyer's broker, he/she collects half of the total commission which the seller has already agreed to pay
- Your buyer's broker rebates you back a portion of the commission he/she earns on the deal

Because of NYC's extremely high mean and median sale prices, it's not uncommon for broker commission rebates in NYC to exceed \$20,000. The major selling point of a commission rebate is the fact that it's a discrete and automatic way to lock in savings on your purchase without having to haggle/negotiate with the seller. Any price reductions negotiated by your experienced buyer's agent are in addition to the automatic buyer broker commission rebate you will receive at closing.

NYC broker commission [rebates in NYC are completely legal](#) and generally considered to be [non-taxable](#) income. Despite all of these benefits, over 97% of home buyers in NYC have never heard of the concept of a broker commission rebate. There is one simple reason for this: [real estate agents in NYC](#) do not like broker commission rebates because it makes them earn less money.

As a result, if you do request a commission rebate it's critical that you work with a discrete buyer's broker who does not openly advertise the fact that he/she is offering commission rebates to buyers in NYC.

After all, what is the point of requesting a broker commission rebate if it alienates the listing agent and/or seller and ultimately reduces your chances of doing a deal?

Reason #2: Dual Agency is Dangerous

Dual agency itself occurs when the same real estate salesperson or broker simultaneously represents both the buyer and seller in a transaction. Dual agency also occurs when both the

listing agent and the buyer's agent work for the same brokerage. When dual agency occurs, it means that the real estate broker can no longer provide undivided loyalty to either party in the transaction.

In New York City's complex real estate market, there are a number of risks to buyers under a dual agency arrangement:

- You won't have someone to advocate just for you at the negotiation table
- You may not hear about all the problems or quirks with your apartment or the specific condo or co-op building you are buying into
- You won't be able to request a [NYC buyer agent commission rebate](#)
- The listing agent can advance interests which are hostile to yours
- The listing agent won't necessarily use the strategic information you provide them about your offer pricing and financial situation to advance just your interest

Another easy way to understand the risks of dual agency is to remember that both the buyer and seller have polar opposite interests in a real estate transaction. While the seller wants to maximize his or her proceeds from the sale, the buyer wants to pay as little as possible. If the same broker or brokerage represents both the buyer and seller, it's impossible for this agent/brokerage to offer undivided loyalty to either party. Given the risks involved, there is a reason why both buyers and sellers must agree to dual agency in writing by signing a [New York Agency Disclosure Form](#).

Under dual agency, a listing agent is solely motivated to help a buyer under the basis that the buyer will buy this particular listing. When a listing agent faces the prospect of earning nothing if the buyer walks away, it's understandable why dual agency is a risky proposition for buyers. The listing agent may say or do anything to ensure that the buyer moves forward on a property.



In addition, there's always a risk that a dual agent may try to push you (the buyer) into a co-op building you may not necessarily be approved for solely because this broker is motivated by taking the gamble of earning double commission on the deal. This conflict of interest also puts sellers at risk, since the listing agent may try to pitch a less qualified, unrepresented buyer more convincingly to the seller over a more financially qualified buyer who is working with a buyer's broker because there is a chance the listing agent could earn more money.

Working with a dedicated buyer's broker provides exactly the opposite experience. Since the buyer's broker is indifferent between you buying Property A or Property B, you can be assured that the buyer's broker will be negotiating the best possible deal on any property you may be interested in.

Reason #3: Buyers' Brokers are Free in New York City

Sellers in NYC typically agree to pay the **traditional NYC real estate commission of 6%** under an '**exclusive right to sell listing agreement**'. What this means is that the total commission the seller pays will remain fixed at 6% regardless of whether or not a buyer's broker is involved in the deal in addition to the listing agent. As a result, offers from 'direct buyers' (unrepresented buyers) are not perceived by sellers to be more economically competitive or advantageous in any way.

If there is no marginal cost to you bringing in an experienced buyer's agent on a deal, why wouldn't you take advantage of the real benefits of free representation? Some of the very real benefits of having a buyer's broker include:

- Gaining a competitive edge in negotiation
- Minimizing the risk of a board rejection by having an expert assist you in preparing a co-op board package
- Acquiring a better understanding of your co-op / condo building
- More effectively identifying the risks in any proposed real estate transaction

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Reason #4: Buyer's Brokers Can Negotiate More Effectively and Save you More Money

Listing Agents Are More Experienced Negotiators than Unrepresented Buyers

As we mentioned previously, there is a lot of risk in agreeing to dual agency representation and negotiating directly with a listing agent. Aside from the lack of loyalty and informational asymmetries which can harm you, the reality is that an experienced listing agent is, simply put, very good at negotiating because he/she does this on a daily basis for a living.

When you consider both the experience and knowledge advantages that a listing agent has over you, it's not hard to see why unrepresented buyers are most often not able to negotiate as effectively as a seasoned buyer's agent. An experienced buyer's broker in NYC is in regular negotiations on behalf of buyers, which means that they have a sharp skill set as well as live and actionable market knowledge in regard to pricing trends.

Listing Agents May Use Their Informational Advantage to Mislead Direct Buyers

An experienced buyer's agent can also prevent you from falling into some classic traps used by listing agents when they negotiate directly with unrepresented buyers. Since a typical buyer may have only done one previous purchase in NYC (if any), a listing agent is often able to mislead this type of buyer by throwing out confusing terminology or **semi-false statements** regarding how the sale process actually works in NYC.

Even if your own career or previous experience has made you an excellent negotiator, the reality is that you have likely done a handful of real estate deals in NYC if any in your life. As a result, your level of knowledge about the market and listing agent tactics is likely not sufficient to withstand the tricks a NYC listing agent may throw in your direction.

Buyer's Brokers Have an Alignment of Interest to Procure the Best Deal

Buyer's agents are also excellent negotiators because their interests are directly aligned with yours as the buyer. Whereas under a dual agency structure the listing agent's sole motivation is to sell you one particular property, a buyer's agent is largely indifferent as to

which property you buy. This is primarily because the buyer's agent will ultimately represent you on whichever property you buy. As a result, a high quality buyer's broker will never let you leave any money on the table during the course of a live negotiation.

Buyer's Brokers Can Glean More Competitive Intel from Listing Agents

Aside from market knowledge and negotiation tactics, another key facilitator of a successful negotiation outcome is the ability to procure competitive intel from the listing agent. The reality is that it's very hard for an unrepresented buyer under a dual agency arrangement to procure the necessary intel from a listing agent in order to accurately shape a negotiation strategy. On the other hand, listing agents almost always provide more insight to buyer's agent.

An experienced buyer's broker will have the best chance of gleaning important intel from a listing agent, including information about competing bidders, types of offers (cash, non-contingent, sale-contingent, etc.), and the nature of the sale itself (estate sale, subject to court approval, etc.).

Reason #5: Professional Advice Can Help you More Effectively Navigate NYC's Complex Real Estate Market

A seasoned NYC buyer's broker will have done a multitude of previous deals which are similar to yours. As a result, they are more easily able to identify and correct issues before they become major deal breakers. In addition, experience also affords a seasoned buyer's broker with the ability to anticipate next steps and more efficiently navigate towards the expedient close of your real estate purchase. Here are a few real examples of situations where having an experienced buyer's broker can make a huge difference in ensuring that your deal is successful:

Example 1: Sale of a Condo with Storage

It's not uncommon for large condo buildings in NYC to sell standalone storage units to apartment owners. What many listing agents and virtually all unrepresented buyers don't know is that the by-laws of these buildings often require an owner to have found buyers for both the apartment and the storage unit before the sale will be approved by the building.

If you work directly with a listing agent or with an inexperienced buyer's agent, a problem like this will not likely present itself until the last possible minute. As such, it may seriously delay and/or derail your deal altogether!

Example 2: Co-op Board Package Risks

Preparing a NYC co-op board package is no small undertaking. Although it can take a month or more to assemble a package, the reality is that your purchase can be delayed even further if there are errors with the package you submit.

An experienced buyer's agent can easily anticipate and correct issues with a board package before it is submitted to the managing agent, which will reduce delays. Here are a few common issues which a seasoned buyer's broker will immediately identify and correct:

- **Incomplete or un-original signature pages**
- **Non-certified checks**
- **Reference letters which are similar and/or are missing contact details**
- **A cover letter or intro letter which include a brokerage logo and/or a photo of the buyers (neither are permitted)**
- **Tax returns which are not signed**

Board packages are often 400 pages or more, and the only real way to minimize the risks of delays is to work with a buyer's broker who has frequent experience preparing and submitting similar types of board packages.

Example 3: Losing Focus on a Deal Before the Seller Countersigns the Contract

In NYC, a listing agent is legally obligated to relay all offers to a seller even after an offer has been 'accepted' on the property. As such, the period between the accepted offer and having a fully executed contract is very risky for a buyer.

A seasoned NYC buyer's broker is acutely aware of the risk of a deal falling through during this period. Therefore, he/she will remain actively engaged with the listing agent during this time in order to glean as much insight as possible and keep his/her client informed. By doing this, the buyer will be able to identify and respond to risks (i.e. competing bidders) before they derail the deal altogether!

Example 4: Misinterpreting Co-op Board Financial Requirements

The financial requirements of many co-op buildings are on a 'case by case' basis. For example, a co-op board may generally permit 'gifting for children'. However, that same board may not approve a buyer receiving a gift if he/she is not a full-time, working adult. Alternatively, the board may permit gifting for children provided the student is pursuing an advanced degree (Master's or PhD) as opposed to an undergraduate degree.

The sad reality is that many listing agents are not fully informed on what the building is looking for, and they haven't taken the time to speak with the managing agent and further investigate. As a result, you may find yourself having signed a contract on a co-op where you are unlikely to be approved by the board.

A seasoned buyer's broker will be able to investigate the building and ultimately give you a

more educated opinion as to whether or not you as the buyer are a good fit for a particular co-op building in NYC.

Reason #6: You are Busy, New to the NYC market, an Out of Town Investor and/or Buying a Co-op

It's not uncommon for real estate agents from other states to [request a commission rebate](#) and work with a buyer's broker when buying in NYC. This is a result of the intensity and complexity of NYC's rather unique real estate market. As such, if you are busy, new to the New York City Market or a foreign investor it's highly recommended that you partner with a buyer's broker during the purchase process.

Co-op purchases in NYC are significantly more difficult to execute than condo or single/multifamily property purchases. In addition to the onerous board application process, co-op buildings have many policies and rules (i.e. [sublet policies](#)) which not all unrepresented buyers will be able to identify and digest before it's too late.

Given the added complexities of buying a co-op in NYC, we suggest that you [request a discreet commission rebate](#) and work with a seasoned buyer's agent during the process.

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Please note: this article is not intended to serve as legal or tax advice. You should consult your lawyer and tax attorney for all aspects of your real estate transaction.