

Commission Rates and Home Sales Volume: A 26-Year Analysis of U.S. Residential Real Estate Transaction Costs

An examination of average commission rates, dollar commissions per transaction, and the relationship between sales volume and rate adjustment in the U.S. existing home sales market.

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SUMMARY

Using 26 years of commission rate data from RealTrends and the National Association of Realtors (NAR) existing home sales figures, we examine how residential real estate commission rates have behaved relative to transaction volume. We find that average commission rates have remained within a narrow band (4.92%–5.44%) despite significant fluctuations in home sales. When expressed in dollar terms, the average commission per transaction has increased 136% since 2000. A correlation analysis of year-over-year changes across 35 years of data reveals a statistically significant negative relationship ($r = -0.35$, $p = 0.045$) between changes in sales volume and changes in commission rates.

1. BACKGROUND

The standard commission structure for U.S. residential real estate transactions was established in 1913 by the National Association of Real Estate Exchanges, the predecessor to today's NAR.¹ Under this structure, the home seller pays a percentage-based commission that is typically split between the listing agent and the buyer's agent.

Commission rates averaged approximately 6% through the early 1990s, declined through the late 1990s and 2000s, and have hovered near 5% for most of the past two decades.² In August 2024, new rules resulting from the NAR antitrust settlement took effect, requiring buyer agent compensation to be negotiated separately rather than bundled into the listing agreement.³

This analysis examines whether these structural changes — along with significant fluctuations in transaction volume — have produced meaningful movement in what consumers pay.

2. DATA AND METHODOLOGY

Commission rates. Annual average commission rates for 2000–2023 are sourced from RealTrends, the most widely cited longitudinal dataset on U.S. real estate commissions, as reported through NAR publications and secondary sources. Rates for 2024 and 2025 are drawn from a Clever Real Estate survey of 806 licensed agents conducted in June 2025.⁴ For the extended 35-year analysis (1991–2025), pre-2000 rates are sourced from RealTrends data as reported in academic and government publications.⁵

Home sales. Existing home sales figures are annual totals from the National Association of Realtors. Figures for 2007–2010 reflect NAR's December 2011 benchmark revision, which adjusted prior estimates downward by approximately 14%.⁶

Home prices. Average existing home sale prices are drawn from U.S. Census Bureau data and the Federal Reserve Economic Data (FRED) database.

Dollar commissions are calculated as: Average Home Price × Average Commission Rate. This represents an estimate of the total commission cost per transaction, not the per-agent amount.

3. FINDINGS

3.1 Commission rates vs. sales volume

Figure 1 plots the average commission rate against existing home sales volume from 2000 to 2025. While existing home sales exhibited substantial volatility – peaking at 7.08 million units in 2005 and falling to 4.05 million in 2025 – commission rates remained within a 52-basis-point range for the entire period, from a low of 4.92% (2022) to a high of 5.44% (2025).

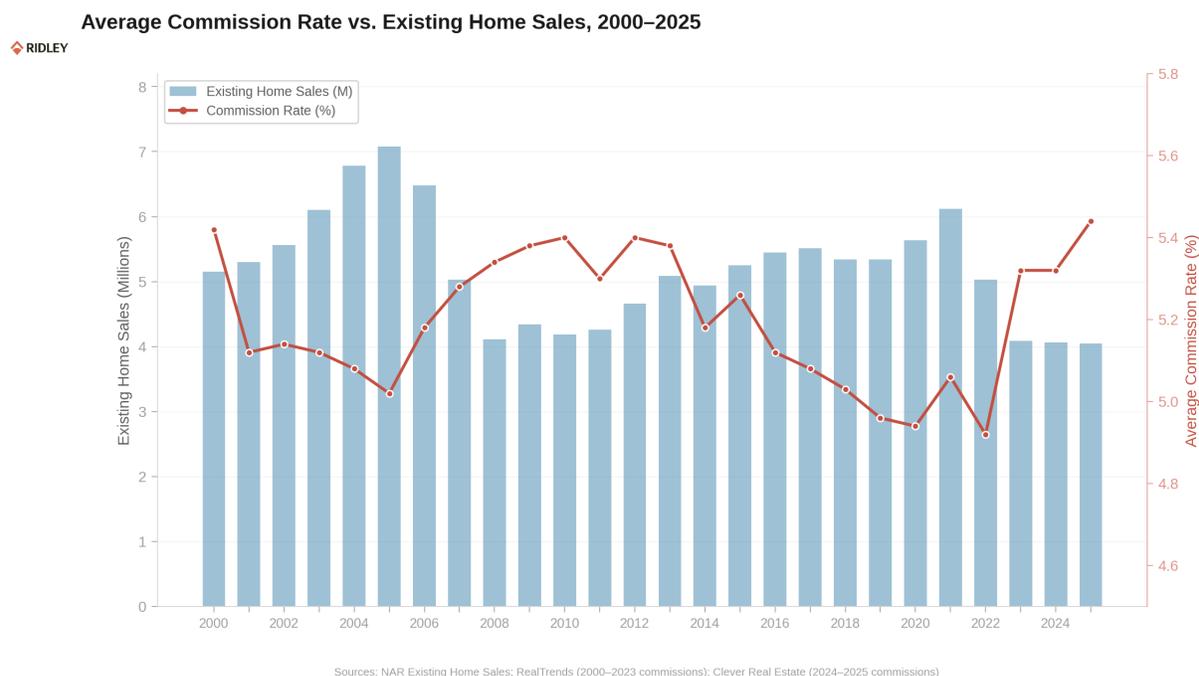


Figure 1. Average commission rate (right axis) vs. existing home sales in millions (left axis), 2000–2025. Sources: NAR (sales); RealTrends, Clever Real Estate (commissions).

The contrast is notable. Between 2005 and 2025, existing home sales declined 43%. Commission rates in 2025 (5.44%) were marginally higher than in 2005 (5.02%). The rate did not respond proportionally – or directionally – to the largest sustained decline in transaction volume in the dataset.

3.2 Dollar commissions per transaction

While the percentage rate remained largely static, the dollar cost of commissions increased substantially due to home price appreciation. Table 1 shows the progression at five-year intervals.

| Year | Avg Home Price | Commission Rate | Dollar Commission | Change from 2000 |
|------|----------------|-----------------|-------------------|------------------|
| 2000 | \$169,000 | 5.42% | \$9,160 | — |
| 2005 | \$240,900 | 5.02% | \$12,093 | +32% |
| 2010 | \$221,800 | 5.40% | \$11,977 | +31% |
| 2015 | \$294,200 | 5.26% | \$15,475 | +69% |
| 2020 | \$336,900 | 4.94% | \$16,643 | +82% |
| 2025 | \$396,800 | 5.44% | \$21,586 | +136% |

Table 1. Average dollar commission per existing home sale at five-year intervals. Calculated as Average Home Price x Average Commission Rate.

The average commission per transaction increased from \$9,160 in 2000 to \$21,586 in 2025 — a **136% increase**. The peak occurred in 2023 at \$22,929, coinciding with the highest average home prices in the dataset (\$431,000).

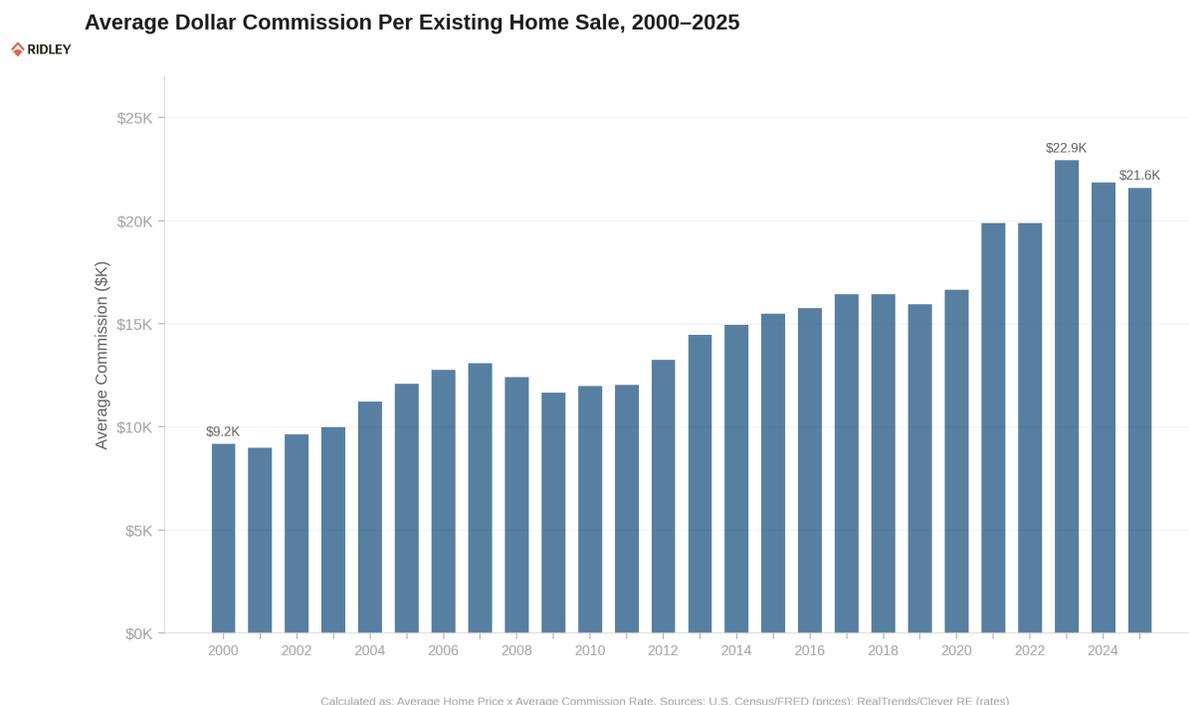


Figure 2. Average dollar commission per existing home sale, 2000–2025. Calculated as: Average Home Price x Average Commission Rate. Sources: U.S. Census/FRED (prices); RealTrends/Clever RE (rates).

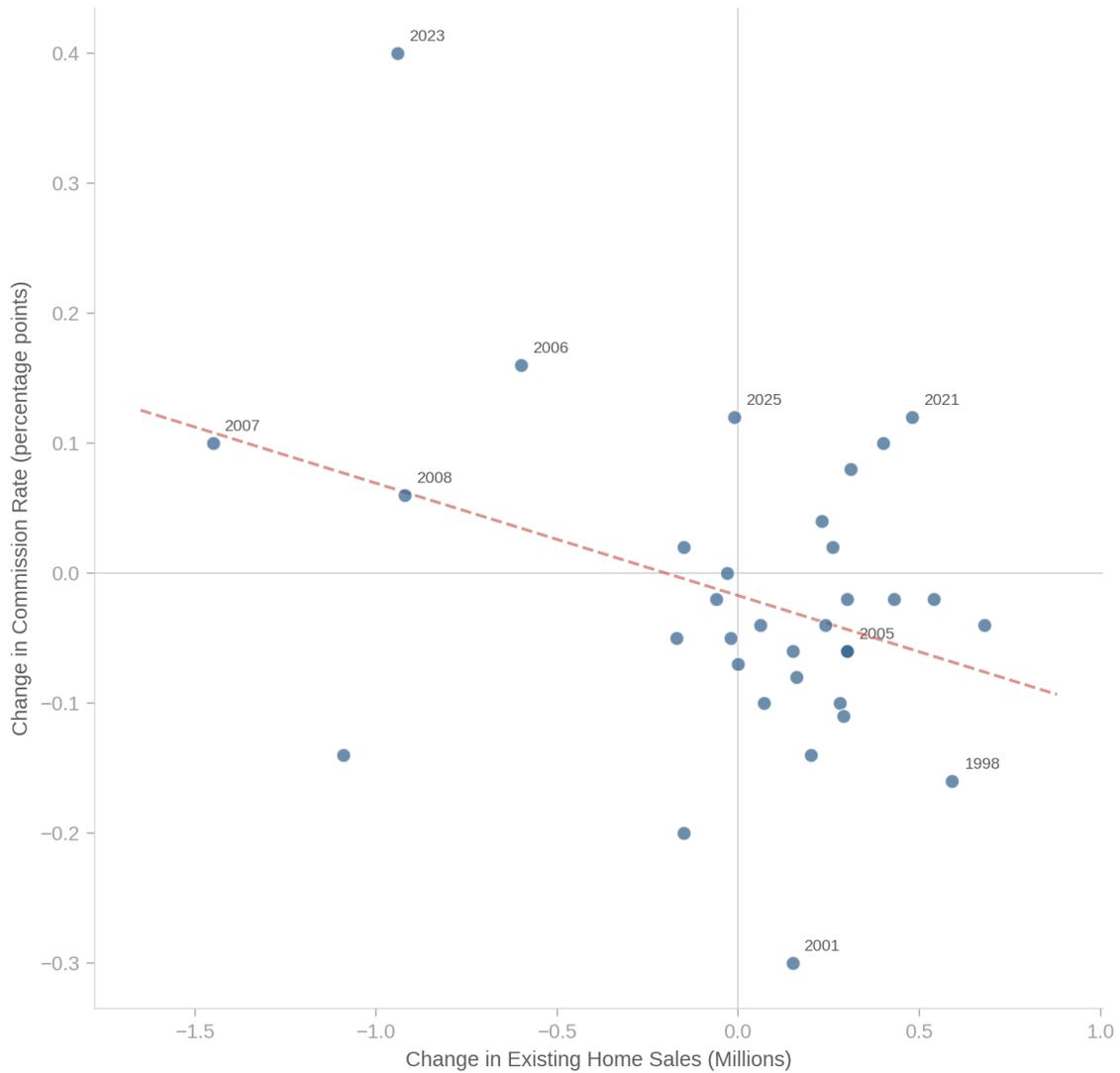
This divergence between rate and dollar cost is consistent with findings from the Federal Reserve, whose May 2025 FEDS Note concluded that "the doubling in house prices since the mid-1990s reduced commissions by about 0.2 percentage point, more than half of the actual nationwide decline over this period."¹⁷ In other words, the modest decline in percentage rates is largely explained by rising home prices – not by competitive pressure on fees.

3.3 Counter-cyclical relationship

To test whether commission rates move inversely to sales volume, we computed the Pearson correlation between year-over-year changes in commission rates and year-over-year changes in existing home sales across 34 annual observations (1992-2025).

Year-over-Year Change: Commission Rate vs. Home Sales Volume

◆ RIDLEY Pearson $r = -0.35$, $p = 0.045$ | 1992–2025 ($n=34$)



Sources: NAR (sales); RealTrends/Clever RE (rates). Each point = one year-over-year observation.

Figure 3. Year-over-year change in commission rate (pp) vs. year-over-year change in existing home sales (millions), 1992–2025. Each point represents one annual observation. Dashed line = OLS fit.

The result — $r = -0.35$, $p = 0.045$ — indicates a statistically significant negative relationship at the 5% level. When home sales volume increases, commission rates tend to decrease, and vice versa.

Examining directional movement: in 22 of 33 year-over-year pairs (67%), commission rates and sales volume moved in opposite directions. The pattern was most consistent when sales increased – in those years, commission rates declined 76% of the time (16 of 21 instances).

The two most pronounced counter-cyclical episodes occurred during major market downturns:

| Period | Sales Change | Rate Change | Direction |
|-----------|----------------------|-------------------------|-----------|
| 2005–2010 | -41% (7.08M → 4.19M) | +0.38pp (5.02% → 5.40%) | Inverse |
| 2021–2025 | -34% (6.12M → 4.05M) | +0.38pp (5.06% → 5.44%) | Inverse |

Table 2. Commission rate behavior during the two largest sales volume declines in the dataset.

This finding is consistent with prior academic research. Wiley et al. (2014) found that "commission rates tend to increase during a down housing market and decrease during a housing market boom," attributing the pattern to reduced competitive pressure among agents when transaction volumes fall.⁸

3.4 Post-settlement trends

The NAR antitrust settlement, effective August 2024, was widely expected to exert downward pressure on commission rates by decoupling buyer agent compensation from the listing agreement. Early data suggests a limited and potentially temporary effect.

According to Redfin's transaction-level data, the median buyer's agent commission dipped from 2.43% in Q2 2024 to 2.36% in Q3 2024 (when the new rules took effect), then recovered to 2.43% by Q2 2025.⁹ The Clever Real Estate agent survey reported a total commission rate of 5.32% in 2024, rising to 5.44% in 2025.⁴

It is too early to draw definitive conclusions about the settlement's long-term impact. However, the initial data is consistent with the broader pattern observed in this analysis: commission rates have shown strong resistance to downward adjustment.

4. HISTORICAL CONTEXT

Figure 4 extends the commission rate time series back to 1991, providing a 35-year view. The most significant decline occurred between 1991 and 2005, when rates fell from 6.10% to 5.02% – a period that coincided with the advent of internet-based property search, the launch of public listing portals (Realtor.com in 1996, Zillow in 2006), and the widespread adoption of digital transaction tools.

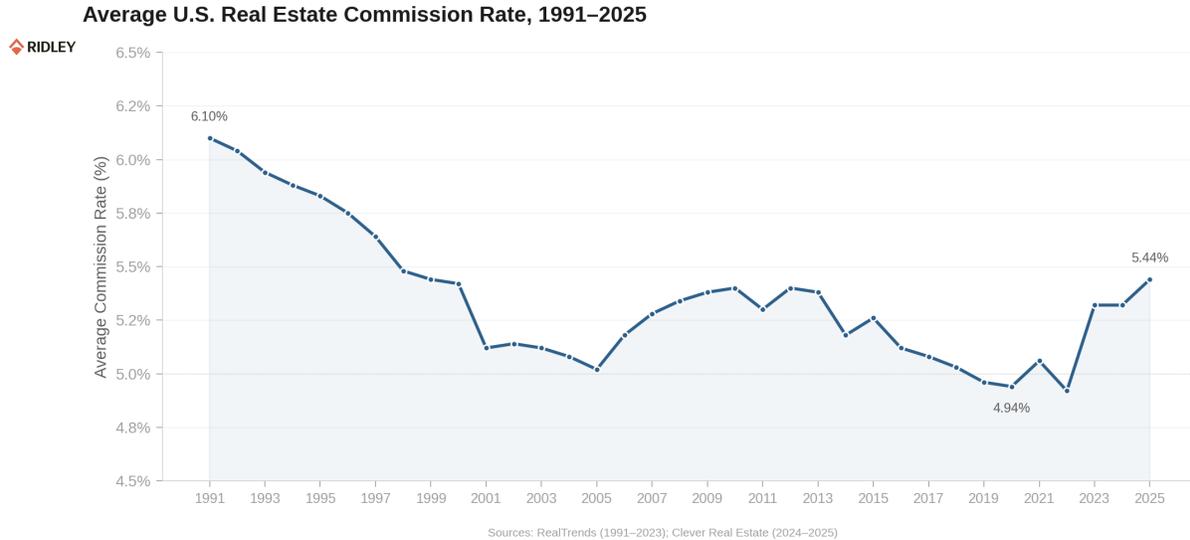


Figure 4. Average U.S. real estate commission rate, 1991–2025. Sources: RealTrends (1991–2023); Clever Real Estate (2024–2025).

Since 2005, rates have oscillated within the 4.9%–5.4% band without establishing a clear downward trend, despite continued technological advancement and the entry of discount and flat-fee brokerage models. The Federal Reserve's May 2025 analysis attributed this stickiness primarily to the industry's "strong commission rate norm" and the structural incentives embedded in the buyer-agent compensation model.⁷

5. DISCUSSION

Three observations emerge from this data:

First, commission rates as a percentage have been remarkably stable for two decades, despite significant variation in market conditions, technological change, and regulatory intervention. The 52-basis-point range over 26 years (2000–2025) is narrow by the standards of any service industry.

Second, rate stability in the presence of home price appreciation has produced a substantial increase in the dollar cost of commissions. Consumers paying a "similar" percentage rate in 2025 are paying 136% more in real terms than consumers in 2000.

Third, the statistically significant counter-cyclical relationship between sales volume and commission rates suggests that the pricing mechanism does not function as it would in a competitive market, where reduced demand would be expected to produce reduced prices – not increased ones.

These patterns raise questions about the degree of price competition in residential real estate brokerage services. They are consistent with academic research suggesting that the commission structure, rooted in industry norms established over a century ago, creates structural resistance to downward price adjustment.

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Disclosure. This research was produced by Ridley, an AI-powered real estate platform that offers alternative pricing models for home sellers. While we have endeavored to present the data accurately and objectively, readers should be aware of this potential conflict of interest. All data sources are cited above and are independently verifiable.