

Room to Grow...

A Seismic Shift for Real Estate

Most readers are aware of the significant settlement of a lawsuit that will change the course of real estate going forward as it relates to commission structures. For decades the procedure has been within the realtor information system (locally known as RealTracs), that a form field is shown where listing agents working on behalf of sellers indicate the amount of commission a seller would provide to a buyer agent. While always negotiable, most typically a seller agent charged a fee to the seller of generally 6% of the sales price. Of that 6%, 3% (half) would be kept by the listing agent and, via the MLS, it was indicated that the remaining 3% would be paid to the buyer's agent. In total, the 6% was rolled into the purchase price. For the buyer, the purchase price allowed for payment of the buyer agent commission.

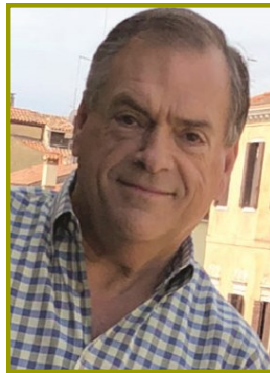
The National Association of Realtors (NAR) announced in March that it had agreed to pay \$418 million to settle more than a dozen antitrust lawsuits that accused NAR of imposing rules that inflated real estate commissions. NAR admitted to no wrongdoing. Under the settlement terms, negotiations between buyers and sellers will become gnarlier. Sellers would pay smaller commissions, allowing them to keep more of the proceeds from sales. And buyers, not sellers, would decide how much buyer's agents are paid. This settlement marks a significant change for buyers, sellers, and real estate agents. It's uncertain how real estate markets will make the transition between now and mid-July, when the settlement is due to go into effect. The settlement stems from a federal class-action antitrust lawsuit filed in Kansas City, Missouri. Last October, a jury sided with the plaintiffs, agreeing that NAR and large brokerages conspired to inflate commissions paid by sellers. The lawsuits challenge NAR's cooperative compensation rule, which requires seller's agents to make 'blanket unilateral offers of compensation to buyer's agents, who influence which houses their clients consider.' The plaintiff contended that the cooperative compensation rule extorts sellers into paying inflated commissions to buyer's agents. 'Home sellers have been compelled to set a high buyer broker commission to induce buyer broker to show their homes to the buyer broker's clients,' according to the plaintiffs in the lawsuit filed in Chicago.

With elimination of cooperative compensation, sellers would no longer have to specify the size of commission they'll pay buyer's agents. In fact, sellers would be banned under the new agreement from setting commissions for buyer's agents in MLS listings. Instead, it would be up to buyers to set their own agents' pay. Some buyer agents might set flat fees, or an hourly rate, or they might charge a fee for each time they accompany a buyer to a showing. Some observers worry the new rule would make it even more difficult for buyers who are short on cash. If buyers must pay their agents out of the transaction, it will likely mean they need to have more available cash to purchase the property. Buyers wouldn't necessarily have to pay their agents out of pocket. The new rule would allow buyers to ask a seller to pay the buyer's agent at closing. This means that agent compensation might become part of the negotiation. Hopefully the negotiated buyer agent commission would just be included in the mortgage loan, which has been the case, but more obtusely, for recent past transactions.

Sometime between now and when the settlement goes into effect (July 2024), buyer agents will, likely, start asking buyers to sign contracts that spell out how much the agent will be paid and at what point in the process. Over the same period, home sellers will be consulting their agents to make sure they are complying with the new rules. The settlement will apply to all real estate agents whether or not they are members of NAR.

While I fully recognize the depth and breadth of the settlement for all of us, we are all most anxious to understand and comply with the new rules of the game. I am committed to making it through this transition to the new model.

If this sounds confusing or you have questions, I welcome your call - 615.210.6057.



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Special Points:

Thought Provoking Quotes

- Forgiveness is a reflection of loving yourself enough to move on.
~Steve Maraboli
- You only struggle because you're ready to grow but aren't willing to let go.
~Drew Gerald
- Forgiveness is just another name for freedom. ~Byron Katie
- Every time you are tempted to react in the same old way, ask if you want to be a prisoner of the past or a pioneer of the future. The past is closed and limited; the future is open and free. ~Deepak Chopra
- The truth is, unless you let go, unless you forgive yourself, unless you forgive the situation, unless you realize the situation is over, you cannot move forward.
~Steve Maraboli
- You can't go back and make a new start, but you can start right now and make a brand new beginning. ~James R. Sherman
- Take the first step in faith. You don't have to see the whole staircase, just take the first step. ~Martin Luther King, Jr.
- You have two choices, to control your mind or to let your mind control you.
~Paulo Coelho
- Honestly, if I were two-faced, would I be showing you this one? ~Abraham Lincoln
- What we find in life is based on where we put our attention. When we focus on the small worlds our thoughts create, we miss out on the beauty and possibilities we meant to enjoy. ~Guy Finley

Nashville / Davidson County Housing Stats

Single family homes on the market.....	2,522
Average Sale price February.....	\$871,737
Average days on market for February.....	35
Average list to close days.....	124
Months' supply.....	4.17
One year ago Months' supply.....	3.85

Tennessee Real Estate Market - Just the Facts & Insights!



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The current state of the Nashville housing market leans toward being a seller's market, characterized by low inventory levels, high demand, and competitive bidding among buyers. With median sale to list ratio of 98.3% and a significant percentage of sales exceeding list prices, sellers still hold the advantage in negotiations. February witnessed a total of 2,247 closings which included residential homes, condominiums, multi-family units and land/lots. Among these, residential properties accounted for the bulk, with 1,751 closings. Condominiums followed suit with 362 closings. Understanding inventory dynamics is crucial for gauging market competitiveness and housing availability. During February, Nashville had a total of 8,967 properties listed on the market. Among these, residential properties constituted 5,887 units, indicating a substantial housing stock available for prospective buyers. Another noteworthy metric is the number of "pending transactions," which provides insight into future market activity. In February, Nashville recorded 2,566 pending transactions, indicating a robust pipeline of deals awaiting closure. Additionally, the average days on the market stood at 59 days, suggesting a moderately quick turnover rate for properties in the current market.

Reflecting on these figures, it's evident that Nashville's housing market remains active and dynamic. The healthy inventory levels, coupled with a considerable number of pending transactions, signify sustained interest from both buyers and sellers. However, the median price discrepancies among property types underscore the importance of market segments and their respective affordability ranges.

Deciding whether it's a good time to buy a home involves considering personal circumstances, financial readiness, and market conditions. Currently, several factors indicate that now could be a favorable time for prospective buyers as opposed to sellers.

Call, text, or email me if you want more information about the market ahead!

Sam's Recipes of the Month from renown Local Personalities

Joe Murphy's Pancakes

Joe Murphy was one of the original owners for Bradford's Furniture on Hillsboro Road. He was renowned for many things, but his simple pancake recipe has been a family favorite for 30+ years.

Dry Ingredients:

1 cup of flour

1/2 teaspoon salt

2 tablespoons sugar

2 tablespoons baking powder

Wet Ingredients:

2 whole eggs

1 cup of whole milk

2 tablespoons Wesson Oil

Blend dry ingredients in a medium bowl. In another bowl, mix the wet ingredients well. Pour wet ingredients into dry ingredients and stir well but leaving some lumps. Don't beat the lumps out or it will overwork the batter. Drop on a hot buttered griddle by 1/3 cup portions, flipping once when set but still wet on the top. Once flipped, place a teaspoon of butter on each cake while on the griddle, so it melts into the cake. One batch will make enough to serve 3-4 individuals. Serve with warm maple syrup.

Karin Coble's Mock Cocktail

5 ounces natural Pomegranate juice

2 dashes Rose Water

1 dash of Orange Blossom Water

3 tablespoons Orgeat Syrup

1 ounce club soda

Make in advance stirring together all ingredients except club soda, chill. Pour over ice and add soda. Most of the ingredients (Orgeat Syrup, Rosewater and Orange Blossom Water can be found at Whole Foods.)

Sam's Insights into Life via great cartoons

