



Fee vs Commission

Why you should consider a flat fee vs. a success fee/commission when searching for homes in Italy.

There is no MLS in Italy. This creates fiefdoms of listings and reduces the amount of useful, readily accessible (think public records, REALTOR.com, Zillow) information for buyers and sellers.

Most agencies here don't show other agency's listings due to historical disputes and because nearly **75% of the listings are not exclusive.**

This lack of exclusivity leads to confusion and wasted time among buyers who see the same property listed with different prices, different statistics, and wildly differing quality of photography. The same lack of exclusivity lead to the historical bad blood and protectionism present between agencies. Plus, disputes over commissions for buyers who may have contacted multiple agencies for the same non-exclusive property.

As an unlicensed Scout, I have much better access to properties because **listing Agencies don't consider me a threat to steal/list their properties.** My job is to be neutral and help find the right property for the right buyer at the right price. Plus, listed and unlisted Sellers want better (unfettered) access to the foreigners buying 95% of the properties. **Sellers want their property to be equally presented to the buyers despite price or commission rates.**

When given the choice of presenting a buyer with a property, the agency may pressure the agent to consciously (and unconsciously) push an exclusive listing of their own or a higher priced property instead of the "right property" for the buyer. Everyone says it doesn't happen, but 25 years of experience in the US and 5 in Italy tell me human nature is the same on both continents.

For a nominal flat fee, I scout properties based on your needs and desires from the Initial Questionnaire and interviews. I research the pluses and minuses of all potential properties and we collectively winnow down the choices until you are ready to make an offer or are able to come visit.

I work with a maximum of 10 buyers at one time and each is treated equally because of the flat fee system. Buyers value my time, and I value their commitment. When success fees or commissions are introduced, a hierarchy of competing priorities and loyalties creates dilemmas.

Paying a commission in Italy occurs when the initial offer is accepted not at the settlement table as in America. And buyers are responsible for the buyer agent's commission which is currently trending between 3-6% of the sale price.

A flat fee of \$15,000 works out to the cost of one weeklong visit: two business class tickets, a rental car, meals, roaming charges and hotel. If I can save you just one trip and wasted days discarding unsuitable properties, my fee is earned in spades. If I can give you actionable intel into pricing, motivation, etc without the agency spin, the end result is even more savings and value.

A large amount of man-hours goes into researching/scouting/winnowing properties. Networking with agents and unlisted sellers, driving costs, keeping up with the market trends and tracking upcoming or pocket listings all take time and money. Plus, my experience in both the US and Italian markets are valuable.

When the success fee /commission is introduced, the factors which affect a transaction become integral: your expectations of the property, circumstances, needs and desires change based on changes in a buyer's life (divorce, illness, business decline, changes in the world, safety concerns, etc,) all of which can mount huge obstacles to earning a "success fee."

If you prefer to pay me at the time an offer is accepted, then I also need to balance business factors: how realistic it is that I can find you the desired property in a reasonable amount of time, and how likely you are to buy the property given expectations of pricing born in American real estate markets or shaded by Reality TV?

For reference, I once sold a clients house so quickly that we were forced to look at 238 properties in less than a month. And this was a buyer with VERY specific needs. In the end, I found them a great home, but their search took over my entire business for months. Working on commission in this case was acceptable...they signed an exclusive buyer agency agreement and we knew they had to have a replacement home. Renting wasn't an option.

Another client, looked off and on for nearly 10 years, with changing family circumstances (unexpected baby,) changing jobs, changing locations. We made multiple offers over time, but the wife and husband could not agree on major decisions and lost several homes to indecision. This client was one of the factors in developing the ScoutMyVilla concept.

In the end, I likely make more money over time with success fees/commissions, but the end result is not always the best monetarily or goal-wise for you, the buyer.

***Thank You,
Ian McAlister Bunch***

***Ian@ScoutMyVilla.com
+39 348 6952962 Mobile***