

Under the terms of the recent National Association of REALTORS Settlement, some changes are coming to the way real estate brokers engage with their clients, and one of those changes is the requirement of a buyer-broker agreement. Buyer-broker agreements are nothing new in residential real estate, but their utilization has varied from market to market. Now, they will become universal.

This is a good thing because the agreement formalizes the relationship between the broker and homebuyer and protects both parties. It also brings increased transparency to that relationship by spelling out what services the broker will provide and the cost of those services.

With this change – and many others related to the settlement – making headlines across the country, we thought it would be helpful to take a closer look at the role of a buyer's agent.

What is a buyer's agent?

A buyer's agent is a licensed real estate professional who solely represents the interests of the homebuyer in a real estate transaction. On the flip side, a listing agent represents the interests of the seller. It's important to note that while a buyer and seller are both focused on successfully completing a transaction, their objectives can be very different. For example, a seller naturally wants to get the highest price for their home, while a buyer is trying to purchase that same home for the least amount of money. Buyers and sellers might also go into a negotiation with different ideas about other terms of the sale, like the closing date, date of possession, repairs to the property, and the amount of time a buyer will be given to satisfy certain contingencies such as obtaining a mortgage commitment.

Some homebuyers believe that as long as there is an agent involved in the transaction – even if it is the listing agent – they are being represented. That is not the case. Again, the listing agent's loyalty is to the seller, and every action they take is presumably intended to advance the seller's interests and objectives. Therefore, representation by an expert who's on your side – and only your side – can have a big impact on the outcome of negotiations. Maybe that's why, according to a recent survey from industry consultant 1000 Watt, 84.4% of homebuyers want such representation when they're making what is often the largest financial decision of their life.

What do buyer's agents do?

The Search – Since the advent of the internet, homebuyers have been able to discover real estate listings on their own. And over the years, giant home-search portals like Zillow and Realtor.com have made that aspect of homebuying even more accessible. But most homebuyers still turn to an agent for help with their search. Why?

For one, an agent's database of available homes is usually far more up-to-date and accurate than big national search portals. Moreover, a buyer's agent can also provide access to "pocket listings," which are homes for sale that aren't yet publicly listed on the MLS, and private listings, which are homes that are listed but not syndicated to sites like Zillow and Realtor.com. In a market with tight inventory, like the one we've been experiencing for five years now, a lot of homes are sold through these other channels.

A buyer's agent can also quickly and efficiently vet listings against their client's parameters. For example, they'll likely know right away if a home is within a certain school district or if a condo building lacks a must-have amenity or is facing a special assessment.

So, buyers really do rely on their agents to help with search, and yet more than 90% of homebuyers in the 1000Watt survey value other services their agent provides more.

Formulate and Write Offers – When you've finally found your dream home, your buyer's agent will help you write and submit an offer. An experienced agent will have a wealth of local market knowledge that will help you provide an accurate offer – and that accuracy matters. It can amount to thousands, tens of thousands or even hundreds of thousands of dollars in savings or be the difference between getting the home you really want or losing out on it to another bidder. It's also important to remember that unlike most things we purchase – even expensive things like cars or airline tickets – no two homes are alike. What might look similar on the outside could be totally different on the inside. And what might look similar on the inside could even be very different depending on how it was maintained or the location or the view. All of those things figure into an offer, and an agent will know how to account for these factors at a specific moment in time. There are also other components to an offer besides price, and a buyer's agent will help their client work through these, because sometimes the strongest offer is not the highest offer.

Negotiate on Your Behalf – More often than not, a home purchase involves some negotiations with the other side. Whether it's negotiating the price, terms, contingencies, repairs or concessions, your buyer's agent will advocate for your interests and help you get the best deal.

Aside from the market knowledge that is essential for these negotiations, an agent also brings much-needed objectivity to the process. Ask anyone who's ever bought or sold a home; it can be very emotional. And emotionally charged situations don't always lead to sound decision-making – minor problems can become major, and major problems can get overlooked. Your buyer's agent – as well as the listing agent – will act as rational mediators, guiding both sides through the transaction.

Quarterback a Team of Professionals – An experienced buyer's agent has a large database of movers, appraisers, inspectors, and other real estate professionals both essential and tangential to the transaction. For example, through @properties Christie's International Real Estate's joint-venture partnerships with mortgage-lending company Proper Rate and title insurance company Proper Title, @properties Christie's International Real Estate clients have access to lending and closing services that make the transaction seamless.

In the case of vendors and service providers, agents often have strong relationships with these professionals that come with discounts (or at least pricing transparency) and/or priority access, saving you time and money. Perhaps most importantly, these connections will offer you peace of mind.

Manage Escrow – During escrow, which is the period between offer acceptance and closing, there are a lot of documents and deadlines to keep track of, and part of your agent's job is helping you stay on top of everything. This is important because things don't always go smoothly. And when you have tens of thousands of dollars in earnest money riding on your performance of certain contractual obligations, having a knowledgeable, serious and organized agent by your side is crucial.

Bottom Line

A buyer's agent plays a vital role in the home buying process, performing dozens of different tasks – some large, some small – as they help you navigate the search process, offer, negotiations, escrow and closing. And through a buyer-broker agreement, they are bound to represent your interests every step of the way