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Competition Bureau Won't Lower BC Commissions

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The Competition Bureau's efforts to open up the MLS likely won't have any significant effect on BC's real estate commission rates. That's because, in this province, alternative discount business models have been a part of the landscape for many years.

Matthew Lee, Manager of Macdonald Realty Vancouver (Downtown), sees this as an Ontario issue, "The average commission in Ontario is significantly higher than here in BC. We've been in an ultra-competitive market for years now that has resulted in many alternative business models."

The Competition Bureau has used the United States as an example of a jurisdiction that has opened up its MLS system to the benefit of the public. However, the average commission in the US is still 5.1% while in BC, the 'typical' commission is less than 3%, meaning that most houses in BC have significantly lower transaction costs than houses in the more 'open' US system.

Dan Scarrow, Vice President at Macdonald Realty, believes that the industry is already competitive, "I can't think of a professional business that has lower barriers to entry. The median gross income for realtors is only \$37,000, and that's before expenses."

In BC, companies like erealty.ca and 1% have historically allowed for cheap access to the MLS. This has resulted in more choice to consumers. However, despite their best efforts, erealty.ca is no longer in business and other discounters have limited market share. "The brokerage business is a hard business" says Scarrow, "as an industry, we're about as efficient as we can get."

Adds Scarrow, "If you're going to pay for real estate services, you might as well hire a full-time professional."

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