



# SIMON HARRISON REAL ESTATE

BROKERING THE HAMPTONS

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## From Simon Harrison Principal Broker; Simon Harrison Real Estate.

By now, you've all seen press about the class action suits across the country involving big names in the real estate industry, and the \$1.78 billion dollar award. There have been proposed settlements by the National Association of Realtors (NAR); the Multiple Listing Services (MLSs) they use; most of the franchise brands and their parent corporations including Sotheby's, Compass, Keller Williams, Corcoran, Coldwell Banker, Remax and many other names. I'll unpack it and describe how it might affect you, and your plans in real estate as an investor, seller or professional going forward. A 6 minute read.

**This is far from over, but I'll clarify and simplify the news.** The NAR acts like a union or trade organization and they recommended MLSs that use uniform practices which required the same listing contracts. Those uniform contracts had a provision that required a seller to pay the brokerage fees for the seller, (the list side), AND the buyer, (the buy side). Their requirement for a seller to agree ahead of time to pay both sides was found to violate antitrust legislation, also called price fixing because a seller not doing so prevented a seller from accessing these MLS services. More later, but for now;

Simon Harrison Real Estate is an independent real estate brokerage firm. **We were never in the NAR, nor have we ever used their named MLSs, nor are we stitched together with the named franchises or their parent corporations.** We don't have any exposure, nor will we be exposed in the dozens or so copycat class action lawsuits that have mushroomed since the verdict. Our firm already had an up to date, reciprocal, back end data stream. That's what has worked for our local broker buyers, sellers, and for all our agents to remain fully connected in an efficient and an effective way to stay on the front lines where deals are made. Our proprietary, robust stack of software and marketing engine strategies remain in motion, evolving as prudent. However, we continually resisted pressure to join the NAR & to use their MLSs as our well-considered deliberations consistently found they were not in the best interests of our buyers and our sellers.

To quote the CEO of one of these franchise brands from recent press around this lawsuit; "Our approach to litigation and the strategies we employ are decided upon by our leadership team, focusing on what is best for our brands, our agents and consumers". At Simon Harrison we believe they got that backwards. Consumers first, then agents... then the brand. My name is on the door, and while it is also my "Brand", I must say I forgot to grow that into an empire because I remain busy focusing on what is best for my buyers and sellers. These business decisions were mine alone and have been validated by the recent news, yet it still brings up questions going forward.

### What will change and when?

Right now, nothing will change. Our marketing agreements have never held the polluted language, and all of these agreements that we have in place are staying with no changes, and our focus remains intact. We are still inviting and motivating these other firms to engage in helping us sell our listed properties, and we still have *the election* to compensate buyers brokers from our agreed upon marketing percentages. We do this because our sellers have always wanted us to, and they STILL WANT us to. Let's not forget that we have had a working, market-based solution to getting properties sold out here in The Hamptons that I've been active in since the 1980s. Hundreds of Billions worth actually. The process right now is that we list a property using our unique marketing agreement and a price, we advertise it, share it with the brokerage community, host open houses, show it to our customers, and other brokers' customers. When we have offers, we negotiate accordingly, if we have multiple offers we navigate these situations calmly and professionally to get to an agreed upon price and terms. THEN and only then do we engage buyer and seller attorneys to reduce it to writing in such a way that everyone wins. This process has worked well for our buyers and sellers, and if it didn't, they wouldn't continue to refer friends and family to us for almost 40 years.

**Commissions are always negotiable.** Of the deals we have sold & closed so far in 2024, including those we have pending & those going to contract; 60% are booked at six percent; 20% are at five percent; and 10% are just under that. The price range of the properties is different, and while that plays a part in deal structure, most of our customers understand that our job includes us looking out for your assets. We can't continue getting referrals unless we continue to do that as seasoned professionals, to your liking, and to your lawyers' satisfaction. One of the discussions we had at a recent business meeting was why the press was creating inflammatory headlines with incorrect information, and we found it hard to understand why, and not just because real estate advertising is part of their business model. The print and online news media seemed to think that the NAR ran the show and set commissions, and we even ran into local agents and brokers that were still confused, even though we are not in NAR-land. These papers and magazines suggested that real estate brokerage was going to be disrupted like car service and travel agents. We did discuss the reality that the industry seemed a bit shaken and rudderless in the Midwest and certainly parts of the South, but not so much in The Hamptons. In The Hamptons, more expensive properties often trade at a lower fee, the only way we can see a discount model being successful is if the fees are paid up front. The consensus amongst our agent roster is that somehow people aren't built that way, even though most of our support services and vendors function with basic pay-as-you-go model. I'm open to discussing all of this further, as commissions are always negotiable, and are always set efficiently to get the job done.

**We don't discuss our percentages with other brokers because that also has the potential to be price fixing, which many people are now finding out, is just not OK.** Luckily, as a local broker, I don't have to pay tribute up to the NAR or pay an additional percentage to the franchise brands based out of somewhere-far-away. We have been able to find other uses for these taxing business expenses, namely The Sag Harbor Oyster Club, which is a formally recognized 501(c)3 that has a mission statement of clean water advocacy. This has shown to please our buyers and our sellers much more than champagne or housewarming gifts.

**This news will not change the market dynamics of pricing either.** Nobody can accurately predict if house prices will go up or down, these are top line as well as bottom line questions. We already deal with professional builders, developers and investors in dealing with risk reward ratios... negotiating terms that include zoning or environmental analysis, permitting drama, and straight up competition which employs various strategies. We help manage or mitigate risk with you as your seasoned broker if you're buying or selling. Often these happen concurrently, and stacking deals takes calm, and finesse. It is still true, and always possible that a buyer can visit each broker who has a listing and listen to the stories, however, most buyers I work with personally circle around or visit dozens of properties in a few different zip codes. Most buyers I work with, builders and investors, know the value I bring and the repeat business for decades speaks well of Simon Harrison Real Estate.

**Buyer agency won't disappear but it might take on a new form, most likely it will add another form of disclosure.** Interestingly, Simon Harrison Buyer Broker forms that we have been using are not changing. They have largely been unnecessary because they have always allowed us as buy-side brokers to elect to accept the seller's offer of compensation which has been baked into every listing anyway. This hasn't been a *requirement*, this has been because our sellers want it that way. Sellers have always seen the need to incentivize brokers to bring their buyers & investors. Our buyers and investors have also voiced criticism at the concept that sellers pay the brokerage at closing when it is the buyers that bring funds for the home, but that's probably just semantics, right?

**If there are changes, we will continue to be on the front lines, and we will continue to have our priorities stacked in the proper order; Our Buyers & Sellers come first, then our agents, and then our brand.**

Please feel free to share with your friends and family; Also know that we are always available for specific comments, questions with me or relayed or CC'ed to me.

Simon

Simon Harrison (the Person)

SimonTheBroker.com (the Website)

Simon Harrison Real Estate (the Brand)

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