

## PROPERTY

## Property Agent Commissions – What Singaporeans Might Not Know

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For many Singaporeans, buying a home is a key life event, and probably the biggest purchase they will make in their lives. For some Singaporeans, property agents play a key role in facilitating the buying, selling, and rental process.

Problems may arise when people are not clear about what a property agent is supposed to do. Many people also assume that the [commission](#) that is payable to their agent is fixed.

The combination of these two factors can lead to unhappiness. In fact, many don't realise you can actually negotiate the commissions payable, which can be a significant chunk of money.

Here's what you need to know about an agent's role and how you can negotiate commission fees:

## Before you even hire property agents, check that they're registered!

Don't just assume that the property agent you're considering is [legitimate](#). Even if they have a searby business suit and a professional name card, it doesn't mean that they're registered with the [Council for Estate Agencies \(CEA\)](#).

CEA maintains a [Public Register](#) that you should check with before you take the next step with your property agent.

## What are property agents supposed to do for buyers and sellers/landlords and tenants?

Whether they're helping you to buy/sell or rent a property, all registered property agents have to do these 4 major tasks for you:

1. Represent you in negotiations
2. Advise you on your eligibility to buy, sell or rent property
3. Provide professional advice to you including any restrictions regarding obtaining a home loan, as well as all the various fees payable
4. Promptly inform you about all offers or expressions of interest from interested parties or their property agents

## What other value-added services do they provide? Are these necessary? Who are they good for?

Property agents who represent buyers help source for properties based on the buyers' requirements and preferences. This means searching on various online and offline platforms, as well as tapping on other resources to find suitable listings.

When assisting a seller, property agents are responsible for putting up advertisements for the property on various channels like online platforms, newspapers, and even flyers. They also handle all the enquiries from potential buyers, as well as arrange for property viewings.

If you trust your agent enough, you may even allow them to conduct the open house in your absence, saving you the trouble of making time for a potential buyer.

There are many miscellaneous duties that some property agents may also do, like coordinating appointments with buyers and bankers to handle the legal paperwork and financing issues. They will usually help you prepare all the necessary documents like the Option to Purchase form, resale application form (for HDB property), inventory list, letter of intent, and tenancy agreement.

Some will go so far as to conduct a comparative market analysis, or CMA, to determine the value of a property so that you can negotiate the price better.

## That's a lot of services! Is there anything a property agent shouldn't do?

Property agents cannot handle most money related to the property transaction on your behalf. In purchase and sale transactions for all properties in Singapore, agents are [only allowed to handle the valuation fees and their own commission](#).

For HDB transactions, fees like your down payment, conveyancing fees, and monthly rental should be handled by you, not the agent. This is the case even if it was the agent who introduced the lawyers and bankers to you.

There are also some things that your [agent shouldn't](#) do e.g. refer you to a moneylender and advertise your property without your consent.

While a property agent can provide many services, it doesn't mean that you can sit back and let them do all the work. You should still be involved throughout the transaction process.

## So why should I engage an agent if they can't handle everything for me? Aren't I already paying property agents a commission?

Yes, with the convenience provided by the Internet, some of you may consider [Doing It Yourself](#) – do your own research, and put up your own property advertisement.

Consider this – if the agreed sale price of a HDB flat is \$500,000, and the market commission rate is 2%, you may find yourself paying \$10,000 in commission.

That might seem like a lot!

If you're thinking of handling the transaction yourself but need help with some of the processes such as handling the paperwork, you can also engage a property agent who is prepared to provide such a service to help you with that.

Negotiate with your agent on the commission payable since you're doing some of the work yourself.

## I didn't know I can negotiate the commission rate!

It's up to you to decide what is a fair price for their services.

You should negotiate and agree on the commission rate before the agent starts work.

Do note that you should only pay commission to your property agent's agency, not your agent, after the transaction is complete.

Ultimately, the best gauge to determine how much commission to pay is how much of your precious time your property agent is saving you or how much value he can add when facilitating your transaction.

Buying and selling a property can be a tedious and complicated process. If you are unclear of what to do or don't have the time for it, then it's worth paying property agents for the good work they do.

What do you think is a fair commission for property agents? Share your thoughts with us.

This article is brought to you in collaboration with the [Council for Estate Agencies](#)

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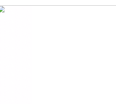
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