

RESEARCH ANALYSIS · UPDATED JUNE 2026

The Home Sale Transaction, *Reconsidered*

*Costs, value, and timelines
in the AI era.*

Amit Kulkarni & Russ Cofano

ALLOY ADVISORS

EXECUTIVE SUMMARY

Four findings drive this analysis.

Buying or selling a home in the United States costs more than almost anyone involved realizes. The cost is split unequally between buyer and seller, most of it unitemized until closing, and the single largest piece of it — the agent commission — is priced as if AI hadn't happened. This report is a line-by-line analysis of the transaction: where every dollar goes, who pays it, what the work is actually worth, and why the commission standard is likely to break within five to seven years.

READER NOTE

There is no "national" real estate market. Costs and practices vary significantly from city to city and state to state, and you may find a specific figure here that does not match your local marketplace. That variation is expected given the local nature of real estate. The numbers in this report represent national averages and a cross-section of U.S. home sale transactions, assembled from publicly available data sources cited throughout.

01 A typical home sale extracts \$39,660 in transaction costs.

The friction is split unequally across the two parties: on a \$400,000 home, the seller loses **\$30,200** from their proceeds, the buyer pays **\$9,460** at closing in fees beyond the down payment. Combined, that is **9.92% of the sale price** flowing to third parties — most of it unitemized until the closing disclosure is prepared.

02 Commissions dominate — and a portion never reaches the agent at all.

Of that \$39,660, **\$23,000 (58% of total friction, 76% of what the seller pays)** flows to agents, brokerages, and real estate portals. What's less visible: an estimated **\$860-\$1,630 per transaction** is skimmed by portals like Zillow through referral arrangements that never appear on a closing disclosure. The seller pays it as "commission." The agent never sees it.

03 The commission is priced as if AI hadn't happened.

The 3% listing commission was priced when agents controlled scarce information: access to listings, buyers, and valuations. AI has collapsed the market rate for most of that work to near-zero. What remains — skilled negotiation, emotional support, on-site judgment, licensed accountability — has a realistic market value of **\$2,000-\$6,500** per transaction. On a \$400,000 home, sellers pay **\$12,000** for that work. On a \$1.5M home, they pay **\$45,000** for the same work.

04 AI changes the timeline — but trust determines the pace.

In August 2024, the National Association of Realtors settled a landmark antitrust lawsuit that was expected to push commissions down. Instead, commissions *rose* — from 5.32% to 5.44% nationally. 91% of sellers still used an agent in 2025, a record high. One reading: sellers aren't rational actors. A more complete reading: 40 years of "real estate information technology" has given consumers Zillow estimates and search — but never a clear view of what they are about to pay, where it goes, or what their alternatives actually cost.

CONSUMER TRUST IS AHEAD OF THE INDUSTRY'S ASSUMPTIONS

A common assumption in real estate is that consumers don't trust AI enough to change how they transact. The data says otherwise. **A majority of Americans already trust AI to analyze pricing on the biggest purchase of their lives** — a tool that didn't exist at consumer scale before November 2022.

65%

Trust AI to compare prices

YouGov, Dec 2025 · n=1,287

14%

Trust AI to act on their behalf

Same survey, same respondents

Trust to let AI *act on their behalf* is lower and still forming. But the gap between those two numbers is what drives the timeline in Section 4: fast pressure on information and pricing in the next 1–3 years, slower structural change over 5–7 years.

HOW THIS REPORT IS ORGANIZED

§	SECTION	WHAT IT ANSWERS
1	Where Every Dollar Goes	A line-item accounting of hard transaction friction on a typical sale.
2	What an Agent Is Actually Worth	Why commissions didn't fall after the 2024 NAR antitrust settlement — and what the work is worth in dollars.
3	AI in Real Estate	A task-by-task assessment of where AI leads, where humans lead, and where the two meet.
4	Behavior, Trust & Timeline	Why the commission standard breaks in 5–7 years — and what that actually means.

SECTION ONE

Where every dollar *goes*.

This section is a line-by-line accounting of every hard transaction cost on a typical U.S. home sale at the 2025 median price of \$400,000 — seller side and buyer side. "Hard" means money that leaves one party's pocket and flows to a third party as a direct cost of closing. The total comes to \$39,660, or 9.92% of the sale price, unequally split: **\$30,200 from the seller, \$9,460 from the buyer.**

\$39,660

Total hard transaction friction on a \$400,000 home sale
9.92% of the sale price — split \$30,200 from the seller, \$9,460 from the buyer.

Two things matter about this number. First, it's the cost of the transaction *itself* — money flowing to third parties who are not buyer or seller. Second, the split is asymmetric: the seller absorbs **76%** of it, most of it commissions. The buyer absorbs **24%**, most of it lender fees. Commissions alone (\$23,000) account for 58% of total friction — and **76% of everything the seller loses** at closing.

WHAT WE EXCLUDE — AND WHY

Staging (\$1,500) — Optional seller choice.

Seller concessions (\$2,000) — Transfer to buyer, not a loss.

Prepaid taxes (\$1,500) — Owed regardless of sale.

Prepaid insurance (\$1,200) — Needed wherever you live.

Including these four inflates the figure from ~\$40K to ~\$47K and misrepresents what the transaction actually costs.

1.1 · LINE-ITEM ACCOUNTING

Seller side: true transaction costs

Commissions dominate. Here's what most sellers don't know: the **3% listing commission** isn't what the agent takes home. After the typical 80/20 split with their brokerage, the listing agent nets roughly **2.4%** — about \$9,600 on a \$400,000 home. The other 0.6% (\$2,400) stays with the brokerage. This matters for what follows: when Section 2 asks "what is an agent actually worth?", the relevant comparison is the agent's 2.4%, not the headline 3%. Splits vary — newer agents at traditional brokerages see closer to 60/40; experienced agents at modern brokerages often see 80/20 or higher.

BASE: \$400,000 SALE

Every dollar leaving the seller's proceeds at closing.

COST ITEM	AMOUNT	% OF SALE	WHO RECEIVES IT	NEGOTIABLE?
Listing agent commission (gross)	\$12,000	3.00%	Listing brokerage	Yes — heavily
Agent nets (80/20 split)	\$9,600	2.40%	Listing agent personally	—
Broker keeps	\$2,400	0.60%	Listing brokerage	—
Buyer's agent commission (if seller pays)	\$11,000	2.75%	Buyer's brokerage	Yes — since Aug 2024
Total commissions	\$23,000	5.75%	Agents + brokerages	
Owner's title insurance	\$2,000	0.50%	Title insurance company	Rarely
Escrow / settlement / closing fee	\$1,800	0.45%	Escrow or closing attorney	Yes — shop providers
Transfer tax (state + county avg)	\$2,000	0.50%	State / county government	No
Pre-listing home inspection	\$600	0.15%	Home inspection company	No
Attorney fees (where required)	\$800	0.20%	Real estate attorney	Somewhat
Total true seller closing costs	\$30,200	7.55%		

Source: CoreLogic ClosingCorp 2025; NAR 2025 commission data; HomeLight agent split survey.

Buyer side: true transaction costs

Buyer-side costs are smaller in dollar terms but concentrated in fees with weaker economic justification. Lender's title insurance and underwriting processing fees are the two most consistently overpriced line items on the average closing disclosure. Both are negotiable; few buyers know that.

BASE: \$400,000 PURCHASE, 20% DOWN

Every dollar leaving the buyer's pocket at closing. Most first-time buyers put down 6-10%, which increases some of these fees proportionally.

COST ITEM	AMOUNT	% OF PRICE	NEGOTIABLE?	HONEST ASSESSMENT
Loan origination fee (avg 0.8%)	\$2,560	0.64%	Yes — heavily	Many lenders charge 0–0.5%. Shop at least three.
Underwriting / processing fee	\$1,500	0.38%	Yes — often waivable	Often redundant with origination; frequently waived when challenged
Lender's title insurance	\$2,000	0.50%	Shop providers	Required by lender; structurally overpriced (<i>see note</i>)
Appraisal fee	\$700	0.18%	No	Legitimate; lender-required
Home inspection	\$500	0.13%	Shop providers	Legitimate and high-value — don't skip
Radon / sewer / mold inspection	\$400	0.10%	Varies	Property-dependent; sometimes necessary
Survey fee (where required)	\$450	0.11%	No	Required where required; legitimate
Attorney fee (buyer, where required)	\$700	0.18%	Somewhat	Legitimate where required
Credit report + recording + flood cert	\$250	0.06%	No	Government & third-party fixed
HOA transfer fee (if applicable)	\$400	0.10%	Rarely	Often \$50–\$75 of actual work; rest is pure margin
Total true buyer closing costs	\$9,460	2.37%		

ON TITLE INSURANCE

The title insurance industry paid out **\$593M in claims** on **\$16.3B in premiums** in 2019 — a **3.6% loss ratio** versus 65-70% for auto insurance. Buyer and seller together pay ~\$4,000 for something with an actuarial expected value of **\$145**.

Source: American Land Title Association 2019 Market Share Analysis; CoreLogic ClosingCorp 2025.

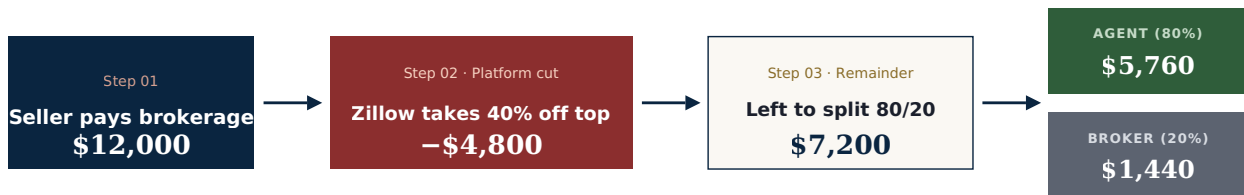
1.2 · THE PLATFORM TAX

Costs embedded in commissions

These costs never appear on any closing disclosure. They are baked into the commission line — not secret, but not itemized, and most consumers have no idea they exist.

HOW THE PLATFORM TAX FLOWS

Seller's \$12,000 listing commission on a \$400,000 home, under a Zillow Flex arrangement.



Without Zillow Flex, on the same \$12,000 commission:

Agent: \$9,600 **Broker: \$2,400** → Flex costs the agent \$3,840 and the broker \$960 per deal.

The takeaway

This \$4,800 never appears on your Closing Disclosure.

It shows up as "commission" — indistinguishable from what you think is paying for agent service.

Source: Zillow public Flex program documentation; WAV Group Consulting analysis.

PLATFORM REVENUE AND PER-TRANSACTION COST

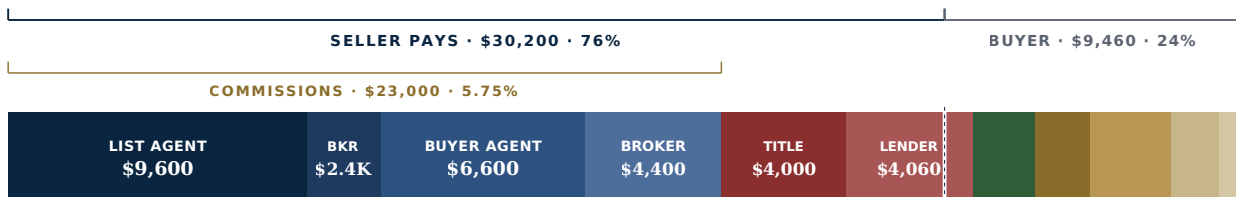
PLATFORM	2024 REVENUE	EST. PER-TRANSACTION	HOW IT'S PAID
Zillow Group	\$2.2B (10-K)	\$440–\$600 avg; \$4,200–\$4,800 on Flex deals	Premier Agent + Flex (35–40% of commission)
Realtor.com (Move Inc.)	~\$600M est.	\$120–\$250	Referral fees + lead subscriptions
Homes.com (CoStar)	~\$200M est.	\$40–\$100	Agent advertising subscriptions
MLS fees (amortized)	~\$800M/yr	\$60–\$180	Annual dues billed to agents
Total platform revenue per deal		— \$860–\$1,630 / deal	All recovered through commission

1.3 · COMBINED FRICTION

Where every dollar of a \$400,000 sale goes

Every transaction cost, stacked and proportional — with the seller-paid and buyer-paid portions marked so you can see who actually bears which cost. The full bar is \$39,660. The seller absorbs roughly three-quarters of it, nearly all of that in commissions. The buyer absorbs the remainder, nearly all of that in lender and closing service fees.

PROPORTIONAL BREAKDOWN · \$39,660 TOTAL



Full breakdown

■ Your listing agent (after broker split)	2.40¢	\$9,600	■ Transfer taxes (state/county)	0.50¢	\$2,000
■ Your listing agent's broker	0.60¢	\$2,400	■ Escrow / settlement fees	0.45¢	\$1,800
■ Buyer's agent (after broker split)	1.65¢	\$6,600	■ Inspections, appraisal, surveys	0.66¢	\$2,650
■ Buyer's agent's broker	1.10¢	\$4,400	■ Attorney fees	0.38¢	\$1,500
■ Title insurance (both policies)	1.00¢	\$4,000	■ HOA, recording, flood cert, misc.	0.16¢	\$650
■ Lender origination + underwriting	1.02¢	\$4,060			
TOTAL TRANSACTION FRICTION				~9.92¢	\$39,660

The dashed line marks where the cost-bearer changes. Everything to the left comes out of the seller's proceeds; everything to the right comes out of the buyer's pocket at closing. Portal fees (Zillow Flex, etc.) are embedded in the broker commission segments on the left — a cut taken from the broker's share before it reaches the agent. They do not add to the \$39,660; they rearrange its distribution inside the seller's column.

SECTION TWO

What an agent is *actually* worth.

Not all of the \$39,660 in transaction friction is avoidable. Transfer taxes, the appraisal, recording fees, legitimate inspections, and a portion of title insurance are real costs of a real-world transaction. The *avoidable* portion — overpriced commission above the \$2K-\$6.5K fair-value range, redundant underwriting fees, and title-insurance margin above actuarial value — totals roughly **\$17,000-\$22,000** per transaction. The largest piece of that, by far, is the commission. This section examines why.

In August 2024, the National Association of Realtors settled a landmark anti-trust lawsuit for \$418 million. Among other changes, the settlement eliminated the rule requiring sellers to offer buyers' agent commissions through the MLS. It was widely expected to push commission rates down. **Instead, commissions rose.** The national average as of mid-2025 is 5.44% — up from 5.32% the prior year.

To understand why, it helps to recognize that economists have been flagging the structural problem with percentage commissions for more than two decades. In a 2003 paper in the *Journal of Political Economy*, Hsieh and Moretti identified the core contradiction:

"The commission fee will differ dramatically across cities depending on the average price of housing, although the effort necessary to match buyers and sellers may not be that different."

— Hsieh & Moretti (2003)

2.1 · WHY HAVEN'T COMMISSIONS DROPPED AFTER THE SETTLEMENT?

One year after the NAR rule change, average commissions appeared to go up, not down. For homes under \$500,000, buyer agent commissions increased. There are five structural reasons — none of which the disclosure rule change actually addresses.

01 THE SETTLEMENT ONLY CHANGED MLS COMMISSION SHARING DISCLOSURE RULES

Removing the requirement that listings advertise buyer agent commissions has not, in practice, eliminated seller-offered buyer agent commissions. Most still do — because not offering them triggers the mechanism below.

02 COMMISSION STEERING IS DOCUMENTED IN PEER-REVIEWED RESEARCH & FEDERAL COURT

Barry, Fried & Hatfield analyzed 265,000 listings across 34 markets (June 2021–Feb 2022), published in the *Iowa Law Review* 2025 and concluded that homes with the lowest commissions took **33% longer to sell** and faced a **75% greater risk of not selling at all**. And, steering was a key part of the arguments in the *Sitzer* case where a federal jury found NAR and other defendants liable for conspiring to maintain high commission rates by way of the MLS Participation Rule.

Any seller who is unwilling to pay "market-rate" commissions to the cooperating buyer agent risks their home sitting unsold. That is a *measurable economic penalty*, not a cultural norm.

03 STATE LAWS BLOCK THE LOW-COST ALTERNATIVES

According to Brookings, **13 states and Washington D.C.** have effectively banned à la carte real estate services. Nine more require consumers to waive their "right" to full-service representation before accessing unbundled options. Those laws don't set commission rates, but they do require purchasing a bundle of services, which effectively sets a cost floor.

04 THE SETTLEMENT LANDED IN A SELLER'S MARKET — AND COMMISSIONS STILL WENT UP

When the new commission rules took effect in August 2024, inventory was below pre-pandemic levels and median home prices were at record highs. Sellers had genuine pricing leverage. Most didn't use it. Commissions rose anyway. That is the steering penalty at work: even sellers with market power couldn't defect from the prevailing rate without consequence.

05 THE COMMISSION ALSO PRICES THE DEALS THAT NEVER CLOSE

Agents are only paid if a deal closes. That means the commission on any single transaction is doing double duty — it compensates the agent for the work on *this* sale **and** pays down the time spent on listings that expired, buyers who walked away, and deals that fell through in escrow. Industry data suggests the median agent closes **roughly one in three** of the opportunities they pursue.

This is a real economic reality, not a justification. But it has a specific consequence for how to read the rest of this analysis: the commission on a single closed deal is not priced against the *work delivered on that deal*. It is priced against the agent's full pipeline. Any system that decouples payment from pipeline risk — flat fees, hourly billing, à la carte services — will produce materially lower per-transaction costs, because the risk premium evaporates.

Commissions haven't moved because the disclosure rule change didn't touch the structural mechanisms actually holding rates up: the documented steering penalty, the state laws that block alternatives, and the no-deal-no-pay pricing model that bakes pipeline risk into every closed transaction.

2.2 · WHAT DOES THE AGENT ACTUALLY DO — AND WHAT IS IT WORTH NOW?

The bundle, separated into two tiers

The services bundled into a commission fall into two categories: those AI has collapsed the market rate for, and those where human judgment still commands real value. The numbers below are constructed estimates using comparable professional service rates. The ranges are deliberately wide to reflect real uncertainty.

TIER 1 · SERVICES WHERE AI HAS COLLAPSED THE MARKET RATE

Pre-AI, these tasks anchored the commission bundle. Today they cost effectively nothing.

SERVICE	WHAT AI DOES NOW	PRE-AI COST	TODAY'S AI COST
CMA / home valuation	Free-tier AI produces competitive valuation in minutes	\$250–\$500	~\$0
MLS listing entry	Automated at most brokerages; seconds of work	\$75–\$150	~\$0
Listing description	AI output matches or exceeds median agent copy	\$100–\$200	~\$0
Offer analysis & counterstrategy	AI models scenarios, flags terms, drafts counter language	\$400–\$800	~\$0
Transaction coordination	Nekst, Dotloop, Skyslope automate for \$10–\$30/deal	\$500–\$1,200	\$10–\$30
Disclosure review	AI flags completeness and common gaps	\$200–\$400	~\$0
Vendor referrals	Consumer-accessible review platforms	\$0–\$100	~\$0
Total Tier 1 services	What a seller previously paid bundled into commission	\$1,525–\$3,350	\$10–\$30

WHAT THIS MEANS FOR THE SELLER

Pre-AI, the Tier 1 services above had a defensible market value of roughly **\$1,500–\$3,500** if purchased separately. Today, a seller with well-prompted AI can replicate the core of that work for the cost of a monthly subscription. The commission still includes it — priced as if the work were scarce. It isn't anymore.

The human-value core

If Tier 1 shows what AI has taken off the table, Tier 2 shows what remains — and where a seller's commission dollars are actually earning them something. These are the services that justify paying a human professional over a subscription tool. They are real, and they are valuable. They do not, however, add up to \$12,000 on a \$400K home or \$45,000 on a \$1.5M home.

*The total fair-market value of the human core — across skilled negotiation, emotional support, on-site judgment, hyperlocal knowledge, and licensed accountability — is roughly **\$2,000-\$6,500** per transaction. Any commission above that range is the pricing artifact, not the service.*

TIER 2 · SERVICES WHERE HUMAN JUDGMENT STILL COMMANDS REAL VALUE

The irreducible core of what a good agent delivers. Worth paying for — but not \$12,000-\$45,000.

SERVICE	WHY IT'S STILL HUMAN	FAIR MARKET RATE
Skilled negotiation execution	Real-time reading of tone, silence, and leverage during live calls and meetings	\$500–\$2,500
Emotional coaching	Trust and steadiness through a high-stakes decision	\$300–\$600
On-site physical judgment	Staging, repair priority, condition assessment that requires seeing the house	\$300–\$1,500
Hyperlocal tacit knowledge	Off-market inventory, neighborhood dynamics, motivated buyers and sellers	\$300–\$1,000
Licensed fiduciary accountability	Legal liability, E&O insurance, recourse if things go wrong	\$300–\$800
Total human-value services	Median-competence delivery on a typical transaction	\$2,000–\$6,500

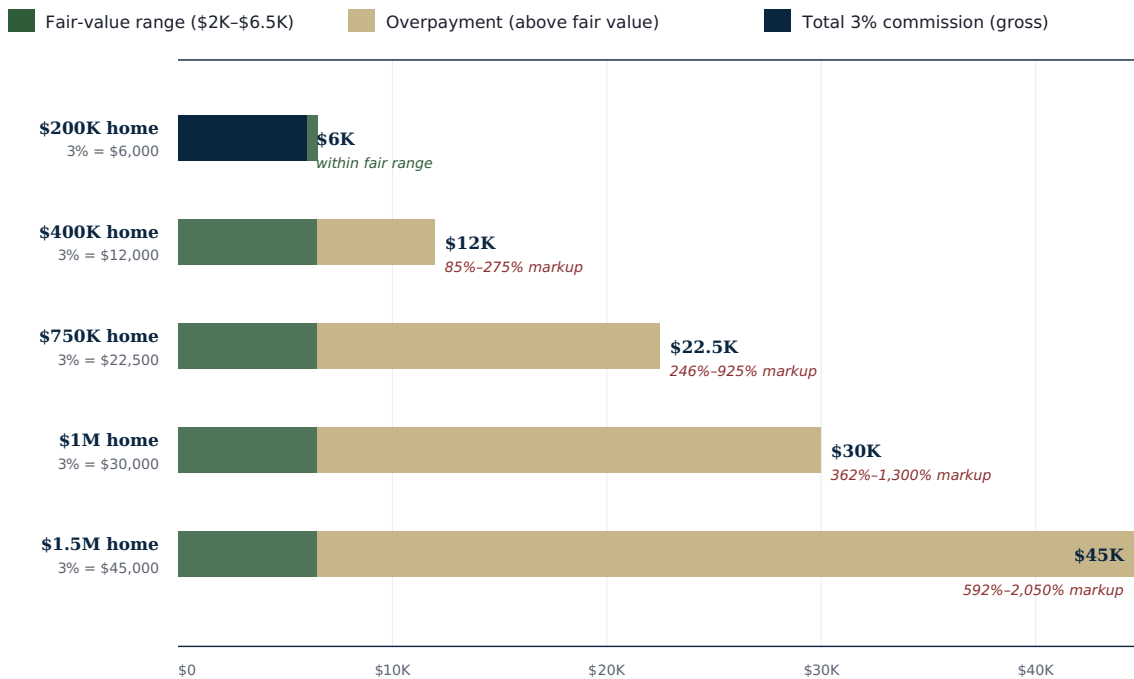
2.3 · THE OVERPAYMENT AT EVERY PRICE POINT

Same work. Wildly different price.

The work to sell a \$300,000 home and a \$900,000 home is nearly identical. What has changed since Hsieh and Moretti (2003) is that AI has collapsed the market rate for most of what's bundled into a commission. The residual value — skilled negotiation, emotional support, on-site judgment, licensed accountability — *does not scale with home price*. The commission does.

COMMISSION PAID VS. WHAT THE WORK IS WORTH

At 3% listing commission. Agent net = 60% of gross. Fair market value range for delivered work = \$2,000–\$6,500 regardless of home price.



The green bar is the same length on every row — it's the \$2K–\$6.5K fair-value range for what the work is actually worth, and it doesn't change with home price. The tan bar is the overpayment: the portion of the commission with no basis in the work being delivered. On a \$1.5M home, 85–95% of what the seller pays is overpayment.

AN IMPORTANT CAVEAT

A genuinely elite agent — the top 10% on a complex transaction — may exceed the high end of the human-value range. This analysis reflects typical-agent delivery on typical transactions. The deeper problem, addressed next: sellers have no reliable way to tell a top-10% agent from a median one *before* signing the listing agreement.

2.4 · THE AGENT QUALITY DISTRIBUTION PROBLEM

Three million licenses. Ten transactions each.**10****Median transactions per year, per agent***Flat for a decade · NAR Member Profile 2025***~3M****Active real estate licenses nationwide***~1.5M NAR Realtors · all priced at the same rate*

Agent licensing requires 40–180 hours of coursework, almost none of which covers negotiation theory. The curriculum covers fair housing law, contracts, and state compliance — necessary for legal practice, not for producing the outcomes consumers pay a percentage of home value to receive.

A seller with well-prompted AI has access to reasoning the median agent was never trained to provide. The top 10% of agents may genuinely justify a full commission on complex deals. The other 90% are charging the same price for meaningfully less skill and judgment — and consumers have no reliable way to tell them apart before signing.

The commission model's indifference to skill is the heart of the problem. A single price for a wildly heterogeneous service creates exactly the market failure Akerlof described in "The Market for Lemons" — except here, the information asymmetry is not about the product (the house) but about the service (the agent). Sellers cannot tell in advance whether they are hiring a \$6,500 operator or a \$12,000 one, so they pay the listing rate and hope. Section 3 turns to what AI can — and cannot — do about that.

SECTION THREE

AI in real estate: a task-by-task *audit*.

METHODOLOGICAL NOTE

This section assesses commercially available AI tools as of April 2026. It is a snapshot, not a forecast. "AI Advantage" means documented capability advantages under typical conditions with well-implemented tools. No controlled studies comparing AI-assisted vs. traditionally-assisted transactions on final sale price were available at publication.

3.1 · THE CURRENT STATE OF AI ADOPTION

82%

of active buyers/sellers use AI

Realtor.com survey, October 2025 · n=1,000

75%

of real estate professionals use AI/ML

Up from 51% · PwC Europe 2026

In the same Realtor.com survey, respondents rated agents at 62% and AI at **61%** on the question of which sources make them "smarter" about the housing market — near-parity after roughly two years of mainstream availability. Agents still rated the most accurate source overall.

Median agent transactions per year: flat for a decade. AI capability in real estate: near-parity in three years. Those two things are moving in opposite directions. The tools in this section represent a floor, not a ceiling.

3.2 · TASK-BY-TASK ASSESSMENT

Where AI leads, where humans lead

Twenty-three discrete tasks that make up a typical transaction, each assessed for current AI capability, human agent performance, and the net competitive picture. Categorized by outcome: AI Advantage, Hybrid, Human Advantage, Human Required, or Inconclusive.

TASK	AGENT PERFORMANCE	AI CAPABILITY (APR 2026)	ASSESSMENT	KEY CAVEAT
Home valuation / CMA	Ranges widely. Good agents: strong. Median: inconsistent.	AVM median error: 2–3% nationally (Zillow 2025).	HYBRID	Agents outperform in thin markets.
Market timing analysis	Genuine intuition; biased by incentive to list fast.	AI models inventory, absorption, seasonal patterns.	AI	Removes incentive bias.
Staging recommendations	Walk-through advice. Quality varies.	AI virtual staging at \$30–\$100/room.	HYBRID	Physical walkthrough adds value.
Repair priority guidance	Agent judgment. Can be biased toward fast listing.	AI parsing tools exist but not widely deployed.	INCONCL.	Evidence for AI superiority limited.
MLS listing entry	Manual, 45–90 min. Clerical.	Automated at several brokerages.	AI	Low-skill clerical task.
Listing description	Quality varies. 30–60 min.	AI output comparable to or exceeding average agent.	AI	Top agents still produce superior narrative.
Photography / visual marketing	Schedules photographer. Present on-site.	AI enhancement deployed. Physical shoot still required.	HYBRID	AI cannot replace on-site photographer.
Targeted buyer outreach	Email to contacts. Limited reach.	AI audience targeting well-documented; precision superior.	AI	Agent's off-market network is a differentiator.
Open house coordination	Agent present 2–3 hrs.	Virtual tours available; physical access requires human.	HYBRID	Physical open houses remain necessary.

TASK	AGENT PERFORMANCE	AI CAPABILITY (APR 2026)	ASSESSMENT	KEY CAVEAT
Showing scheduling	Phone/email coordination.	Fully deployed (ShowingTime, BrokerBay).	AI	Lowest-value agent task.
Offer review & strategy	Explain terms, advise on counters.	AI models scenario outcomes. Cannot apply judgment to risk tolerance.	HYBRID	Human judgment remains important.
Contract drafting & e-sign	Template form filling. 1–2 hrs.	DocuSign AI automates standard drafting and execution.	AI	Routine administration.

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Task-by-task, continued

TASK	AGENT PERFORMANCE	AI CAPABILITY (APR 2026)	ASSESSMENT	KEY CAVEAT
Negotiation — analysis	Median agent licensed with 40–180 hrs of coursework, little of which covers negotiation theory.	Well-prompted AI matches or exceeds median-agent analytical output on offer evaluation and counter-strategy.	AI	vs. median agent. Top-decile humans still outperform.
Negotiation — execution	Top agents read tone, silence, and leverage in real time. Genuine skill differential.	AI cannot execute live calls or meetings. Cannot read the room.	HUMAN	Net: top-decile agent > AI-assisted seller > median agent alone.
Disclosure document review	Completeness check. Liability if missed.	AI parsing available; not yet uniformly reliable.	INCONCL.	Accuracy not yet sufficient for sole review.
Inspection coordination	Schedule inspector, manage logistics.	Scheduling automated; report parsing is early-stage.	AI	Report interpretation still benefits from human review.
Repair negotiation	Advise on requests, facilitate resolution.	AI benchmarks repair costs; execution remains human.	HYBRID	Data support useful; negotiation benefits from human judgment.
Transaction coordination	Track deadlines, chase parties. 10–20 hrs.	Nekst, Dotloop, Skyslope automate deadline tracking.	AI	Documented reduction in administrative errors.
Title & escrow coordination	Communicates between parties. Administrative.	AI-integrated title platforms handle document routing.	AI	Low-judgment coordination task.
Physical presence at closing	Agent attends. Largely ceremonial in most states.	eClosing available in most states.	HUMAN REQ.	Legal requirement, not a capability question.

3.2 · WHERE HUMANS HOLD THE CLEAR ADVANTAGE

Three tasks worth paying a person for

Of the 23 tasks in the transaction, three carry a durable human advantage. These are not edge cases or nostalgia — they are the tasks where the structure of the work itself resists automation. Taken together, they form the residual core that justifies paying a person at all.

TASK	WHY HUMANS WIN HERE	WHAT AI CAN AND CAN'T DO	WHY IT MATTERS
Hyperlocal tacit knowledge	Top agents know off-market inventory, neighborhood dynamics, and motivated parties — information that lives in professional networks, not in MLS feeds.	AI aggregates public data and comps at scale. It cannot access what is explicitly not published.	Real advantage, but concentrated in the top decile of agents. The median agent doesn't have this.
Emotional support & crisis management	A home sale is a high-stakes, emotionally loaded decision. Trust with a specific person is not substitutable.	AI provides information, reassurance, and pattern recognition — but cannot build relationship-based trust.	The clearest and most durable human advantage across the entire transaction.
Licensed fiduciary accountability	The agent is legally accountable, carries E&O insurance, and can be sued. A human being is the unit of accountability.	AI has no license, no insurance, no legal standing, and no liability.	Legal requirement, not a capability question. Cannot be automated under current law.

THE STRATEGIC IMPLICATION

These three tasks are where agent quality creates real variance — and where a top-decile agent genuinely earns a premium. They are also the tasks *least* visible to a seller before signing. The commission model prices them identically for every agent. The market, eventually, will not.

Sources: PwC Emerging Trends in Real Estate Europe 2026; vendor documentation for platforms cited. AVM accuracy: Zillow Zestimate accuracy disclosure (2025).

3.3 · SUMMARY OF FINDINGS

The count matters less than what's in each category

Across 23 tasks, AI leads on 10, humans lead on 3, both contribute meaningfully on 6, human presence is legally required on 2, and 2 are inconclusive. But the 10 AI-advantage tasks are mostly low-value clerical and logistical work. The 3 human-advantage tasks — negotiation execution, emotional support, hyperlocal knowledge — are among the most valuable.

DISTRIBUTION OF 23 TRANSACTION TASKS BY ASSESSMENT

Proportional across all 23 tasks evaluated in Section 3.2.

23 tasks · 100%



Note: 2 additional tasks (repair priority guidance, disclosure document review) were rated Inconclusive — evidence insufficient as of April 2026 — and are discussed separately in Section 3.2.

*The 10 AI-advantage tasks are mostly low-value clerical and logistical work. The 3 human-advantage tasks — negotiation execution, emotional support, hyperlocal knowledge — are the most valuable. **What ends up in each category matters more than the count itself.***

3.4 · SELLING ROUTES IN 2026

Five viable paths to sell a home

The default path — a full-service agent charging roughly 3% on the listing side plus a buyer-side commission, totaling **5.5-6%** depending on the market — is no longer the only option, and increasingly is no longer the right option for a meaningful share of sellers. Five paths are viable today, each with a distinct cost and risk profile.

APPROACH	APPROXIMATE COST	BEST FOR	KEY RISK
Full DIY + AI tools	\$500–\$1,500 flat	Confident, experienced sellers	Price and negotiation risk for first-time sellers
Flat-fee MLS + self-managed	\$1,200–\$2,500 flat + buyer agent	Sellers who know the process	Self-representation risks
Discount full-service broker	1.0–1.5% listing	Professional support at lower cost	Variable quality; limited coverage in some areas
À la carte agent hours	\$2,500–\$5,000 est.	First-time sellers wanting targeted help	Not yet widely standardized
Traditional full-service agent	3.0% listing + buyer side	Complex properties, luxury, unfamiliar markets	Commission not correlated with agent quality

THE PRACTICAL UPSHOT

A seller who would have paid \$23,000 in total commissions on a \$400K home in the full-service model can, with the à la carte or discount paths, realistically pay \$5,000–\$14,000 for comparable outcomes on a median-complexity transaction. That's \$9,000–\$18,000 retained in the seller's proceeds — the equivalent of **11%-23% of their down payment** on the next house.

SECTION FOUR

Behavior, trust, and the *timeline*.

4.1 · WHAT THE CONSUMER BEHAVIOR DATA ACTUALLY SHOWS

The 2025 NAR Profile of Home Buyers and Sellers reports seller agent usage at **91%** — a record high. FSBO hit an all-time low of **5%**. Commissions rose from 5.32% to 5.44% in the year after the NAR settlement, with rates going up in 39 states and down in only 10.

These numbers get cited as proof that consumers do not respond to cost information — that real estate is an emotional decision, not an economic one, and disruption narratives are overselling the case. That reading is too convenient. Here is what the data actually shows.

*Between 1985 and 2025, FSBO share dropped from **21% to 5%**. Over those same 40 years, consumers gained access to the public MLS, Zillow, Redfin, AVMs, mobile search, and virtual tours. Every one of those tools added information. **None of them showed a seller what they were about to pay, where that money would go, or what their specific alternatives would cost.***

The FSBO decline reflects 40 years of decisions made *without a real cost comparison*. Not 40 years of sellers rejecting one. The assumption that consumers would shrug at a clear side-by-side view of costs and alternatives is just that — an assumption. It has never actually been tested, because the comparison has never existed in a form sellers could use at the moment they were making the decision.

4.2 · WHY AI IS CATEGORICALLY DIFFERENT

Previous tools gave consumers data. AI gives consumers reasoning.

A seller who consults an AI system before or during a listing conversation is not using a faster version of Zillow. They are talking to a counterparty that can evaluate their specific transaction — analyze a proposed commission structure, flag inflated line items, stress-test a pricing assumption, surface specific alternatives in their specific market. This capability did not exist in November 2022. It does now, and it gets meaningfully better every few months.

The structural bottleneck on past disruptions was not consumer irrationality. It was the time required for an alternative to become visible at the moment of decision. Direct cremation grew from a niche service into the largest segment of end-of-life care — but it took 15+ years. The rate-limiting step was the human and capital investment needed to make the alternative visible at 2am.

DAYS TO REACH 1 MILLION USERS

Consumer technology adoption speed, pre- and post-ChatGPT era.



AI removes the scale bottleneck entirely. The alternative becomes visible the moment a seller asks for it — anywhere, any hour, free. The timeline compression does not come from consumers changing how they decide. It comes from the delivery mechanism for comparative information collapsing from years to seconds.

Source: Epoch AI, "After the ChatGPT Moment: Measuring AI's Adoption" (July 2025); UBS analyst reports.

4.3 · THE TRUST CEILING IS REAL

High trust for information. Low trust for action.

Here is what the enthusiasm around AI disruption usually skips over. Consumer trust in AI is high for information and low for action, and the gap has not closed. Both numbers have stayed roughly flat through two years of rapid capability gains.

65%

Trust AI to compare prices — "information trust"

YouGov, December 2025 · n=1,287

14%

Trust AI to act on their behalf — "action trust"

Same survey, same respondents

A seller who uses AI to evaluate a commission offer and negotiate specific line items is exercising information trust. A seller who replaces the agent relationship entirely — lists FSBO, uses a pure AI-assisted platform, executes the transaction without a human — is exercising action trust. Information trust is enough to move commissions. Action trust is what is required to actually disintermediate the agent model.

WHY THIS IS THE MOST IMPORTANT DISTINCTION IN THE ANALYSIS

The data says information trust is there and growing. Action trust is not — at least not at levels that would drive majority consumer behavior in a transaction this size. **Projections that treat the two as the same thing miss the single most important constraint in the system.**

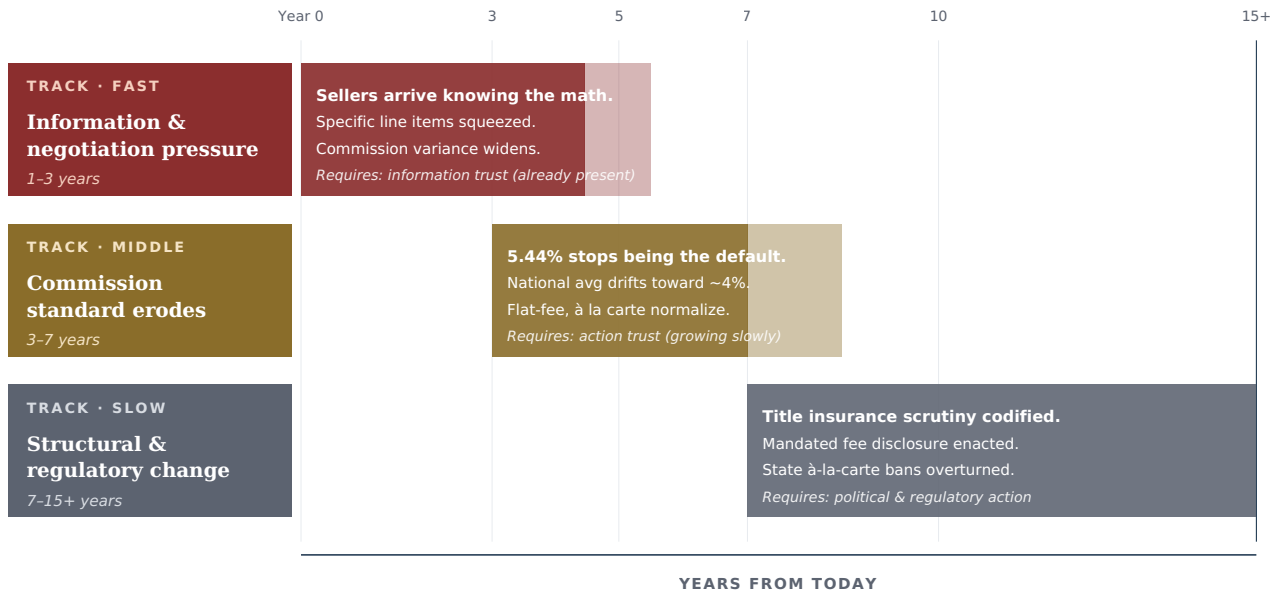
4.4 · A THREE-TRACK MODEL

Three changes, three timelines, three kinds of trust

Put the capability curve and the trust ceiling together and you get three tracks, not one. Each requires a different kind of trust, and each moves at a different pace.

THE THREE TRACKS, MAPPED OVER 15 YEARS

Horizontal position indicates when each track's effects become widely visible in the market.



Each track's bar starts where its effects become broadly visible in the market — not where the change begins. Track 1 is already in motion. Track 2 becomes visible around Year 3. Track 3 operates on a political clock.

4.5 · WHAT THIS MEANS

The opportunity is in the middle, not at either extreme

The commission standard is likely to break within 5 to 7 years — meaning **5.44% stops being the default assumption**, not that full-service agency disappears. That is faster than past disruption analogs would suggest, and slower than pure disruption narratives project. The opportunity is not with the pure-AI platforms betting on action trust they do not yet have. It is not with the incumbents betting nothing will change. It is in the middle — products and advisory relationships that use AI to make human judgment better and more transparent.

THREE BRIDGES THE DATA SUPPORTS

01 HUMAN-VERIFIED AI, NOT AI INSTEAD OF HUMANS

3 in 4 consumers would pay more for verified AI data practices. Pure-AI products hit the action-trust ceiling. AI-augmented human products do not.

02 TRANSPARENCY AS THE PRIMARY DIFFERENTIATOR

Only 18% of consumers don't see AI data control as a serious problem. The winners are not the most AI-forward — they are the most transparent about how AI is used and where human judgment stays in the loop.

03 INFORMATION-FIRST, ACTION-LATER

Consumer patterns are already sorting this way. Products in the research layer grow fast. Products that try to replace the execution layer hit the trust ceiling hard.

THE POSITIONING WINDOW

Companies and agents that plant their flag during the **fast-track window** — the next one to three years — will be positioned to capture the middle-track shift. The winners will be the most transparent about where AI is helpful, where human judgment is required, and where accountability sits.

CONCLUSION · PART ONE

What needs to *change*.

First, the problem in one breath. Then, on the next page, what a more rational structure would actually look like.

The real estate transaction is expensive not because the underlying services are expensive — but because the pricing model was built when agents controlled something scarce: access to listings, buyers, and market data. That scarcity is gone. MLS data is on your phone. Scheduling is automated. Listing descriptions take 45 seconds. The tasks that justified 3% have been commoditized. The commission hasn't moved.

The quality distribution problem compounds this. The agent who negotiates \$30,000 out of a difficult deal and the agent who accepts the first offer without counter both invoice you 3%. There is no price signal, no comparison shopping, no way to tell them apart before you sign. But pricing structures this far above their cost basis do not collapse on the strength of logic alone — and they do not persist because consumers are incapable of responding to better information. The real estate data — 91% agent usage, 5% FSBO, commissions rising after the NAR settlement — reflects 40 years of decisions made without usable comparative information at the moment of choice.

*What AI changes is not consumer rationality. It is the **delivery mechanism** for comparative information — and the **floor** of the services bundled into a commission. AI does not replace the agent on the parts of the job that still matter: real-time negotiation execution, emotional support, legal accountability. It replaces the agent on the parts that used to justify the other half of the commission.*

CONCLUSION · PART TWO

What a better system looks like.

Five structural changes that would realign price with value — and the reason some will happen faster than others.

Capability is not the only variable. Information trust in AI is high and growing. Action trust in AI for a transaction of this size is low and slow to move. That gap separates what will change quickly from what will not. Pricing pressure and line-item negotiation will move fast. Structural disintermediation will not. The commission standard will break — 5.44% stops being the default within five to seven years — without full-service agency disappearing.

- **Flat-fee or task-based pricing** for clerical and administrative work — roughly \$1,500–\$3,500 for a full listing package.
- **Separate hourly or flat-fee engagement for skilled negotiation** — the one task where agent quality genuinely moves outcomes.
- **Mandated fee disclosure** so buyers and sellers can comparison-shop agents the way they shop lenders.
- **Regulatory review of title insurance pricing** — a 3.6% loss ratio on a mandatory product warrants scrutiny.
- **Visible, verified AI transparency** from incumbents willing to bridge the trust gap.

The commission model is a historical pricing artifact.
Structural change will take longer than disruption narratives suggest — but the value available to an informed seller is available now.

And now you have the numbers.

SOURCES & METHODOLOGY

Data & citations

COMMISSIONS	Clever Real Estate, June 2025. National average 5.44% total, up from 5.32% prior year. Redfin 2025 commission analysis.
HOME PRICES	NAR Q1 2025 median home price (\$398,400).
CLOSING COSTS	CoreLogic ClosingCorp 2025; Bankrate; Rocket Mortgage. Excludes prepaid taxes, insurance, staging, and seller concessions from friction figures.
PLATFORM REVENUE	Zillow Group 10-K 2024 (\$2.2B). Move Inc. and CoStar estimates from analyst consensus. Flex referral fee: Zillow public documentation; WAV Group Consulting.
AGENT SPLITS	HomeLight; NAR 2024 Profile of Home Buyers and Sellers.
AGENT PRODUCTIVITY	NAR Member Profile 2025 (10 median transactions in 2024). NAR Member Profile 2014 (12 in 2013). Broadly flat for a decade.
ECONOMIC THEORY	Hsieh, C. & Moretti, E. (2003). "Can Free Entry Be Inefficient? Fixed Commissions and Social Waste in the Real Estate Industry." <i>Journal of Political Economy</i> , 111(5).
SERVICE VALUATIONS	Constructed bottom-up estimates from freelance and professional market rates. Approximations, not empirical survey data.
TITLE INSURANCE	American Land Title Association 2019 Market Share Analysis. Loss ratio: \$593M claims / \$16.3B premiums.
INCENTIVE MISALIGNMENT	Levitt & Dubner (2005); replicated Hendel, Nevo & Ortalo-Magne (2009).
STEERING RESEARCH	Barry, J., Fried, W. and Hatfield, J.W. (working paper 2023, published <i>Iowa Law Review</i> 2025, 110 Iowa L. Rev. 1473). Data: June 2021–February 2022, 34 markets, 265,000+ listings.
NAR SETTLEMENT / STEERING	NAR settlement documents (2024); <i>Sitzer v. National Association of Realtors</i> (W.D. Mo. 2023) jury verdict on MLS Participation Rule; Brookings Institution on state minimum-service laws.
AI ADOPTION	Realtor.com survey, October 9, 2025 (n=1,000, fielded Aug 7–8, 2025): 82% of current/potential buyers and sellers use AI for housing insights. On which sources make them "smarter" about the market: agents 62%, AI 61%. Agents rated the most accurate source overall. PwC <i>Emerging Trends in Real Estate Europe 2026</i> (75% AI/ML, up from 51%).
AI CAPABILITIES	PwC <i>Emerging Trends in Real Estate Europe 2026</i> ; vendor documentation. AVM accuracy: Zillow Zestimate accuracy disclosure (2025).
CONSUMER BEHAVIOR	

SOURCES & METHODOLOGY: NAR 2025 Profile of Home Buyers and Sellers (91% seller agent usage, 5% FSBO all time low; FSBO median \$360K vs agent-assisted \$425K). Clever Real Estate June 2025 (5.44% commission; 39 states up / 10 down / NY flat).

AI ADOPTION SPEED Epoch AI, "After the ChatGPT Moment: Measuring AI's Adoption" (July 2025); UBS analyst reports (2023).

CONSUMER TRUST IN AI YouGov December 2025 (n=1,287) — 65% trust AI to compare prices, 14% trust it to act; 5% trust AI "a lot," 41% distrust. Thales Digital Trust Index 2026 (n=15,000+) — 77% would not trust a company more for using generative AI. Relyance AI consumer trust survey (Dec 2025, n=1,000+). Gartner consumer AI search survey (Jun-Jul 2025, n=377).

DISRUPTION ANALOGS U.S. Bureau of Labor Statistics (travel agent headcount 124,000 in 2000 → 82,000 in 2019). Skift / Local Data Company (retail travel agency decline 59% from 1997 to 2013). National Funeral Directors Association (cremation rate trajectory, 2024–2045 projection).

Methodology note: Research synthesis and drafting were supported by AI tools. All cited sources were verified against original publications. Analysis, framework, and conclusions are the authors' own.

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