



iBuyer **VS.** Real Estate Agent

If you're wondering whether to sell your home to an iBuyer or work with a real estate agent to list it on the open market, the answer depends on your timeline and what you value most: cash or convenience. Here's a little more information to help you make your decision.

At a Glance		
	iBuyer	Real Estate Agent
Approach	Makes instant cash offers for homes at a discount before reselling online. Handles all repairs, staging and home showings.	Serves as a dedicated advocate. Assesses a home's value, works to get the highest price possible and guides sellers through the closing process.
Key Benefits	Guaranteed offer, less hassle, fast cash, no double mortgage or housing overlap	Higher home sale price, ability to negotiate a better deal, knows the local market and leverages contacts
Seller Timeline	ASAP	Willing or able to wait
Seller Values	Certainty, speed, convenience	More profit, personalized service

By the Numbers

It's important to understand the cost and time involved in working with both iBuyers and real estate agents. The example below (for illustrative purposes only) allows you to compare the cost of selling a \$300K home to an iBuyer vs. a real estate agent, and the table beneath it gives you a sense of how much time it could take. Unless otherwise noted, all values are calculated using industry averages that express a percentage of the home's sale price.

Money			
	iBuyer	Real Estate Agent	
Home Sale Price	\$270K (FMV -10%)	\$300K (FMV)	iBuyers offer just below Fair Market Value (FMV) and agents list at or above FMV.
Loan Balance	-\$100K	-\$100K	The loan payoff amount is the same, regardless of who buys.
Repair Costs	iBuyer decides	Seller decides	Varies by property
Holding Costs	iBuyer assumes after a quick closing	Seller carries until home is sold	Varies by property and includes: mortgage, taxes, insurance, homeowners association fees and utilities.
Professional Fee	-\$24.3K (9%)	-\$18K (6%)	iBuyer service fees range from 6 –12%. This example uses the average iBuyer service fee of 9% and a real estate agent commission of 6%.
Closing Costs	-\$8.1K (3%)	-\$9K (3%)	Based on average seller closing costs, which range from 1–3%.
Net Profit	\$137.6K	\$173K	Cost difference: \$35.4K

Here, the seller walks away with \$35.4K less — that's 13.1 percent of the sale price — by selling their home to an iBuyer. According to a study by Collateral Analytics, iBuyers can cost sellers up to 15 percent of a home's sale price.

While it is possible to sell quickly using a real estate agent, the traditional closing process usually takes well over a month. Selling to an iBuyer involves a faster transaction with minimal effort from sellers. It can also benefit sellers with busy schedules and time constraints, such as those who need to relocate for work or get cash fast.

Time		
	iBuyer	Real Estate Agent
Days on Market (DOM)	0	Av. 58 days*
Days to Close	Less than 14 days [‡]	Av. 47 days [†]
Number of home showings	0	4 / month [‡]
Flexible closing date	Yes	Depends on buyer
Flexible moving date	Yes	Depends on buyer

* National average based on April 2019 data from Realtor.com. <https://www.realtor.com/research/>

† National average based on February 2019 data from mortgage software company Ellie Mae. <https://www.valuepenguin.com/mortgages/average-time-to-close-on-a-house>

‡ Average number of home showings for Portland, OR, based on 2017-2018 RMLS data.

<https://medium.com/@PDXsRealEstate/how-many-showings-does-it-take-to-sell-a-home-2018-update-ae0a4e039989>

§ No industry average available; based on various iBuyer claims, plus <https://listwithclever.com/real-estate-blog/ibuyer/>.

The Bottom Line

Working with a real estate agent is generally more cost-effective but selling to an iBuyer can help sellers save time and stress. **To learn more, check out Old Republic Title's blog on iBuyers at www.oldrepublictitle.com/blog.**