

# Real estate execs concerned about oversupply of property agents: NUS survey

They say high commission fees will attract more new salespersons to enter the industry despite slowing domestic market

**By Samuel Oh**  
samueloh@sph.com.sg

ABOUT 65 per cent of respondents who are senior executives in the real estate industry felt that there is an oversupply of real estate salespersons in the market, according to a survey published by the National University of Singapore (NUS) on Wednesday (Mar 20).

Still, around 84 per cent of respondents polled in the *Q4 2023 Real Estate Sentiment Index* anticipated that high commission fees would attract more new salespersons to enter the market.

Despite a slowing domestic property market brought about by April 2023's cooling measures and

higher-than-longer interest rates, the population of salespersons is still rising, noted NUS.

There were 35,251 real estate salespersons as at Jan 1 this year, up from 34,427 in early 2023 and 32,414 agents registered in early 2022.

Meanwhile, the number of private homes excluding executive condominiums sold by developers fell year on year in 2023 and 2022, according to the Urban Redevelopment Authority's data.

Currently, commission rates are on average pegged at 2 per cent of the sales price of the property.

A property that is sold for S\$1 million would entail a commission

fee of S\$20,000 for the agents involved in the transaction, said NUS.

"An oversupply of real estate salespersons in the property sector, if not adding to economic growth, may skew the distribution of human capital in the overall workforce," said Professor Sing Tien Foo, provost's chair professor of real estate at NUS Business School.

He noted that this may lead to a shortage of workforce in other industries.

For example, some of the human capital could be professionals joining an "already saturated property agency market", who could have taken up roles such as engineers, architects, lawyers or doc-

tors instead.

"If the free market force does not eventually correct the imbalance, interventions may be needed to better allocate scarce labour resources," said Prof Sing.

Among those polled, about a quarter suggested regulatory intervention in the form of a cap on the real estate salespersons population, while 40 per cent felt otherwise. The other 37 per cent were unsure and remained uncommitted to either position.

Prof Sing noted further study could be done to clarify the pros and cons on capping the number of agents.

Around 81 per cent of respondents said more agents would

raise competition, which would in turn benefit housing consumers.

However, the survey highlighted that the current salespersons population is disproportionately concentrated among the top three agencies, which collectively accounted for nearly 75 per cent of all salespersons in the industry.

Based on data from the Council of Estate Agencies, the top three agencies are PropNex Realty, ERA Realty Network and Huttons Asia with 11,999, 8,891 and 5,298 salespersons respectively as at Jan 1.

Some respondents raised concerns that the larger property agencies were gaining an unfair competitive advantage from their increasing number of salesper-

sons, and crowding out smaller agencies. A respondent said that an oligopoly of large agencies dominating the sector could lead to escalating commission fees, which would eventually be passed down to the homebuyers.

More evidence would be needed to establish if there is a causal effect between the market structure and the fees, NUS said.

The quarterly survey was conducted by NUS' Department of Real Estate and Institute of Real Estate and Urban Studies.

Survey respondents came from developer firms, property consulting/services firms and other sectors such as architectural firms, banks and law firms.