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# Buying a house and the decision to use a real estate broker

| Published: September 1996

| Volume 13, pages 169–181, (1996) [Cite this article](#)



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[Leonard V. Zumpano](#)<sup>1</sup>, [Harold W. Elder](#)<sup>2</sup> & [Edward A. Baryla](#)<sup>3</sup>

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## Abstract

This study examines the factors that affect the decision by home buyers to use real estate brokers and the subsequent effect this decision has on home prices. Buyers with high opportunity costs and the least amount of information about local market conditions are the most likely to use brokers; a finding consistent with the role of the real estate broker as a market intermediary. Not surprisingly, these were some of the same factors that also have a positive impact on selling price. An important finding of this study is that when selection bias is adequately controlled, the real estate broker has no appreciable, independent impact on selling price. This, in turn, suggests a nonsegmented, highly competitive housing market.



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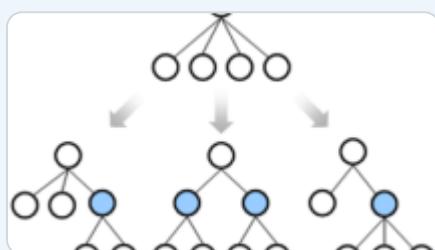
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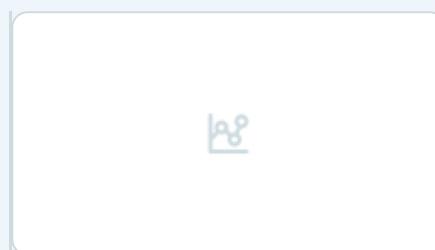
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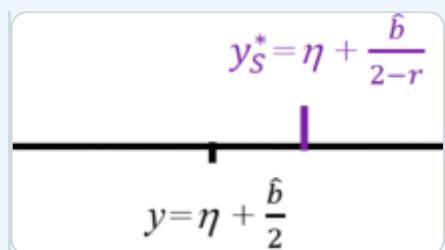
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## Author information

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### Authors and Affiliations

**The University of Alabama, Department of Economics, Finance and Legal Studies, College of Commerce and Business Administration, 35487, Tuscaloosa, Alabama, USA**

Leonard V. Zumpano

**The University of Alabama, Department of Economics, Finance and Legal Studies, College Commerce and Business Administration, 35487, Tuscaloosa, Alabama, USA**

Harold W. Elder

**Department of Economics and Finance, East Tennessee State University, 37614, Johnson City, Tennessee, USA**

Edward A. Baryla

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### **Cite this article**

Zumpano, L.V., Elder, H.W. & Baryla, E.A. Buying a house and the decision to use a real estate broker. *J Real Estate Finan Econ* **13**, 169–181 (1996). <https://doi.org/10.1007/BF00154054>

Issue date

September 1996

DOI

<https://doi.org/10.1007/BF00154054>

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