

## The conflict-of-interest conundrum

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*Development divisions, boutique firms and 'rogue agents' often have competing interests when working at new condo projects*

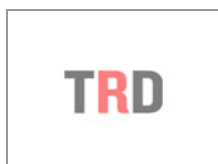


*From the October issue:* The mid-2000s real estate boom created a special kind of chaos in the new condo market, as established brokerage firms, resale agents and boutique companies competed to cash in on the new condo craze.

The industry is now left with the lingering effects of that gold rush: competing fiefdoms, with no standard business model — and perhaps more important, a number of baked-in conflicts of interest.

When brokers pitch new development business, they are often competing not only with the other agents, but with the development divisions within their own firms. This creates incentives that don't always work in developers' favor, sources say. Moreover, firms have a financial interest in selling units only to buyers represented by their own agents. Finally, brokers tasked with marketing new developments sometimes end up selling units in other buildings to customers they meet at on-site sales offices. [\[more\]](#)

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