

THE LANDLORD MONTHLY

An illustration of a city skyline featuring various skyscrapers and a prominent building with a yellow dome. In the foreground, a white U-Haul truck is parked on a bridge over a body of water. The sky is light blue with soft, white clouds.

MONTHLY
INSIGHTS FOR
THE MODERN LANDLORD

THIS MONTH:
THE NEW BROKER FEE LAW IN
MASSACHUSETTS

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RESIDENTIAL BROKERAGE

A MESSAGE FROM JAMES

PRINCIPAL | JR ASSOCIATES

As a broker, landlord, and investor myself, I know firsthand how much goes into owning and managing rental property — and how often valuable opportunities go unnoticed simply because no one ever pointed them out.

That's why I created **The Landlord Monthly**. My goal is to give the landlord community I serve real, actionable insights that help you make smarter decisions, increase your property's performance, and ultimately maximize the return on your investment — whether that means saving on taxes, reducing turnover, or just knowing when it's time to raise rents (or not).

You won't find fluff here — just strategies, tools, and ideas I'd want in my own inbox.

Thanks for reading — I hope this monthly distribution gives you something to think about. If it sparks a question, reach out anytime.

Sincerely,



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A NEW ERA FOR LEASING

THE NEW BROKER FEE LAW IN MASSACHUSETTS

The rental landscape in Massachusetts has officially changed. As of August 1, 2025, a new law has redefined how broker fees are handled in apartment leasing. For landlords, this marks a pivotal shift—one that alters not only the financial structure of renting but also the strategies that will drive success moving forward.

The Basics of the Law

For years, tenants were responsible for paying the broker fee when renting an apartment. That fee—often equal to one month’s rent—was typically split between the landlord’s agent and the renter’s agent.

As of August 1, 2025, that model has changed. Agents and brokers advertising rentals on behalf of their landlord clients can no longer charge the incoming tenant a one-month brokerage fee. Instead, the new structure works like this:

- Landlords pay their own agent a full fee (typically one month’s rent).
- Tenants pay their own agent a full fee (also typically one month’s rent)

The immediate impact is straightforward: landlords are now directly responsible for the cost of leasing, an expense that for years was carried almost entirely by tenants.

Why This Matters for Landlords

At first glance, this looks like a simple cost burden—landlords now paying what used to be “free.” But the shift also reshapes how agents and tenants approach the rental market.

Brokers have always been more than just ad posters. They help set market rents, screen tenants, negotiate renewals, and manage turnover. Having to absorb this fee means you’ll want to weigh the value of professional leasing against the risk and effort of handling it yourself.

The New Flow of Money

Under the old system, co-broking wasn't always appealing. Two agents splitting a one-month fee could mean only \$1,500 each on a \$3,000 apartment. Now, with landlords paying a full fee to their agent and tenants paying a full fee to theirs, **both sides are compensated in full.**

This has two implications:

Co-broke Friendliness

Agents are now more incentivized to show listings that aren't theirs, knowing they won't lose half their income.

Faster Leasing

Your unit is more likely to be exposed to a broader tenant base, increasing speed and quality of applications.

What feels like an added expense may actually help your unit rent faster and to better-qualified tenants.

Should You Raise Rent to Cover the Fee?

A natural reaction is to build the cost of the fee into rent. But this approach carries risks:

1. **Market Mismatch:** If other landlords don't raise rents at the same time, your unit may stand out as overpriced. Renters are sensitive to even small jumps, and an extra \$250 a month on a \$3,000 rental can cause your unit to sit longer.
2. **Locked-In Premium:** Once a tenant signs at the higher rent, that inflated rate carries forward into renewals. You risk creating a long-term mismatch between your unit and the market, which may hurt retention and turnover timing.

In short, while tempting, raising rent just to cover the fee often costs more in vacancy than it saves in cash flow.

The Case for Longer Leases

If landlords are absorbing this fee, the focus should shift toward tenant longevity. Reducing turnover is the simplest way to avoid paying it year after year.

This is where the 24-month lease could make a comeback. Tenants may even offer a longer commitment as a bargaining chip, and landlords should consider it seriously. One additional year of stability can save thousands in leasing costs, repairs, and downtime.

The strategic shift: focus less on squeezing every last dollar out of monthly rent, and more on securing high-quality tenants who want to stay put.

Planning Ahead at Renewal Time

One of the biggest takeaways here is that you'll need to think ahead—90 to 120 days before a lease ends. That window is when most renewal conversations and planning should happen.

At that point, landlords will face a clear decision:

- **Renew:** Negotiate a new lease term (potentially longer) to keep a good tenant in place and avoid another round of fees.
- **Re-list with a Broker:** Absorb the fee and let an agent handle marketing, showings, screening, and paperwork.
- **DIY Leasing:** Save the commission by doing it yourself—but take on the time, liability, and hassle of finding, vetting, and securing a tenant.

The key is to avoid waiting until the last minute. Lining up your strategy well before expiration ensures you can minimize vacancy, position your rental competitively, and avoid rushed decisions.

What This Means for the Market

More Professional Collaboration

Because both landlord and tenant agents now receive a full fee, there is stronger incentive for agents to cooperate. In practice, this means your listing will likely be shown more widely, reaching a larger tenant pool than before. More collaboration between agents should translate into faster placement and stronger tenant quality.

Smoother Leasing Cycles

With more agents willing to co-broke, units should see increased exposure. Faster showings and broader visibility can shorten vacancy periods, which is often more valuable than trying to squeeze a few extra dollars out of rent. Reduced downtime means better overall cash flow.

Smarter Landlord Strategy

The cost of leasing now requires landlords to think more carefully about tenant quality and lease terms. A focus on strong applicants and longer leases—rather than maximizing short-term rent—will help balance the new expense. Quality tenants reduce turnover, and turnover is what triggers another fee.

Decision Points Matter

The renewal window—90 to 120 days before lease expiration—is now a critical decision-making period. That's when landlords must determine whether to negotiate a renewal, re-list with a broker, or go the DIY route. Planning ahead avoids rushed choices and minimizes costly vacancy.

What This Means for the Market (cont.)

Comps May Be Skewed

Because some landlords will raise rents to absorb the broker fee while others will not, rental comps will be less reliable in the short term. Two nearly identical apartments could appear hundreds of dollars apart in asking rent—not due to market value, but due to how each landlord chose to handle the fee. This makes pricing research more challenging and requires landlords to dig deeper into the data before setting rent.

Leasing Becomes More Like Sales

Now that landlords are paying the commission, the expectation should mirror the home sales market. If you're compensating an agent, you should expect professional marketing, broad exposure, and skilled negotiation. Settling for mediocre service no longer makes sense, as the cost is real and measurable.

A Shakeout of Agents

The industry may see fewer leasing agents overall. Landlords are less likely to hire weak or inexperienced brokers when their own money is on the line, and many agents who relied on “free” deals may not adapt. The result will likely be a leaner, more professional pool of agents serving the rental market.

Final Thoughts

This law fundamentally changes how rentals are transacted in Massachusetts. Yes, landlords are absorbing a cost that used to fall on tenants. But by thinking strategically—avoiding risky rent hikes, exploring longer lease terms, leveraging increased broker collaboration, and planning ahead at renewal time—you can adapt without losing profitability.

My role is to keep you ahead of changes like this, and to provide insights that help you run your rentals like a business and grow them like an investment. If questions come up—whether legal, logistical, or strategic—I can connect you with the right professionals to help.

Staying proactive—not reactive—will be the difference between landlords who thrive under this new law and those who struggle.