



## What Does The Future Look Like for MLSs?

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## What Does the Future Look Like For MLSs?

An argument can be made that MLSs, in many cases, have failed to grow beyond their original mandate at a pace equal to changes in the real estate world. As an example, it has been 3rd parties that have recognized and responded to one changing dynamic, and have answered the demand by consumers for better access to real estate information.

In other ways, however, MLSs have morphed well beyond their original mandate. MLSs originally formed as a mechanism for broker competitors within the real estate industry to share data under agreed upon rules of compensation. From standing on a soapbox in the town square to listing sheets and MLS books to today's sophisticated MLS systems, the concept is the same. Inventory was shared with agreed upon offers of compensation. Regardless of the delivery mechanism, procedures were put into place to make this happen and the model worked! In fact, if you have had the opportunity to travel around the rest of the world you will know that with few exceptions North America is the only place where this is true and our model is the best, hands down!

The concept of MLS is an American invention that has served our market incredibly well. But, like any idea or business convention, things changed and now MLSs do much more than they were originally created to do. They have become, in many cases, large organizations providing services once the territory of the Boards, associations, or real estate companies. Have they changed too little or too much to meet the needs we have today or are they right on track? What should we expect in the future for MLSs? Will they remain viable and strong for the foreseeable future? How can you determine the right model and best services for your MLS?

In this paper we will look at four questions in regards to MLSs today and the future:

1. What are the major changes that have impacted the MLS World?
2. Have MLSs adjusted to the changing needs of their members?
3. Have they changed too much or are they off course?
4. What should the MLS of the future look like?

### 1. What Major Changes Have Impacted the MLS World?

Three important developments that have affected MLSs over the last 15 years are:

- Advances in technology (Internet)
- Availability of data on a global scale to consumers
- Pressure for consolidation and control

## Advances in Technology (Internet)

### How Technology and Data Have Changed Other Businesses

When we say technology in this context what we really mean is the Internet and all that it has brought to our world. The Internet has created transparency and an exchange of information that has forever changed our lives. Taken down to specific businesses and industries we can see the effects over and over again. Look at the travel industry, for example, and the way it has totally morphed. What once required professional assistance is now accomplished via a simple log in to any of the rapidly growing number of travel websites. Why did this occur? It occurred because the data necessary to make things work was made available and the technology existed to facilitate it. Consumers are now connected directly to the services and products they used to have to get through travel agents. This change increased competition, lowered prices in many cases, and now has become so simple to use that anyone can do it. There is no going back!

We see the same thing happening in almost every retail category. Mail order has become Internet order because shoppers can quickly go online and compare numerous retail options (data) offering the same products, or products in the same category, and then make an informed decision. It's a model that makes sense.

So what are critical elements? **Technology and data!** Technology is no longer an issue so now it is simply a matter of data availability and in most channels data is available because product producers have been forced by consumers to make it available, or they won't be in the game. Cars, books, plane tickets, CDs, electronics, and computers are all shopped more online today than any other way. Who would ever go buy an expensive item today and not do their Internet homework first?

When data is available for a business segment that was once kept under lock and key by intermediaries it is only a matter of time before new models spring up that potentially dis-intermediate those that once had sole control of the data. And, unless that business segment re-invents itself and responds in a new and different way it may only be a matter of time before that business model disappears and is replaced by something else.

In the travel industry the airlines, hotels and car agencies controlled the product and data as they do today. All that happened was the food chain was shortened giving the consumer at the end of the food chain what they always wanted in an easier and more cost effective format. When you do this in any industry, consumers will make that choice.

So what does that mean for our industry?

### Availability of Data on a Global Scale to Consumers

This is a big area of change over the last 15 years in the real estate industry. As noted in the previous section, data once under REALTOR® lock and key is now available freely to consumers. This availability has sprung up entirely new businesses and brokers, often directly through their MLSs, providing the natural resources that fuel

these businesses by providing them free property data. Zillow and Trulia, as the easiest examples, are in the top 3 consumer sites in the country along with Realtor.com. This consumer demand has created new pressures on organized real estate, which now has to consider whether they too need to be doing something differently to better address consumer demand for data.

The good news is buying a house is not the same as buying a stereo, PC or even a car. Home buying is a complicated process representing the biggest investment most people make. So while data is available and technology is not an issue, we don't foresee changes to real estate like we have seen with travel and retail. In consumer research WAV Group has conducted, consumers tell us they want to be led through the minefields of purchasing or selling a home, but they want to have more control and be more involved in the process. As a result, MLSs need to adjust to the changing consumer demands to make sure their members have the tools they need to engage these consumers.

One of the other concerns we have when looking at consumer real estate behavior over the last few years is the perception that sites like Zillow are now the "real estate experts". Read USA today and when there are comments about the real estate market they don't go to experts from NAR or the local real estate MLS or board, they quote Zillow. We believe our industry, MLSs included, need to do a better job with consumers of taking credit as the source of the best real estate information in the business.

## 2. Have MLSs Adjusted to Their Member's Changing Needs?

MLSs have certainly changed in many ways to adjust to new technology and to provide members with additional services now available through our Internet world. Some believe the more the better while others seem to be asking MLSs to reign in some of their services.

When it comes to the MLSs' role with consumers, there are two schools of thought:

1. Dealing with consumers is the business of the brokers and the MLS needs to stay out of it.
2. Brokers only have the ability to really reach consumers and compete with 3<sup>rd</sup> party websites if they work "with" the MLS.

### Position 1: Consumers are the Broker's Responsibility

This is an easy position to defend and understand at first glance. The MLS was never designed to have a direct consumer connection but rather to provide services to brokers and agents who maintain that consumer connection. But, things change, it was this attitude and position of not working directly with consumers that allowed sites like Zillow and Trulia to come into existence and take over the consumer real estate sector.

Consumers were looking for more transparency in the real estate industry and for the most part our industry did not respond. While we did create Realtor.com, if you look at what Zillow and Trulia provide we see products that are much more in tune with what consumers want as well as products that don't exist in many areas in organized real estate. So while one can defend this position on one hand it has become clear that in

most cases real estate companies on their own are not in the position to compete nationally or even regionally on the consumer Internet front. WAV Group shares data over and over in our MLS planning sessions from Hitwise that shows that except for some very unique cases, brokers are not even close to competing for consumer Internet traffic in the real estate sector which takes us to the second position.

### **Position 2: Brokers Need the MLS to Compete for Consumers**

Over 60% of the MLSs in the US now report they offer an MLS consumer website. We have determined, from our own independent research that consumers prefer MLS search sites to broker sites, at least in the early stages of their search, because they feel it is a neutral environment and they believe agents won't harass them before they want to engage them. Unfortunately they also feel this way about sites like Zillow, which they see as a more neutral search environment. As a result, even leading brokers on their own have not been successful in dominating Internet traffic in the vast majority of markets in most cases. There are some exceptions in markets where dominant real estate companies have stopped syndicating their listings, which raises a totally different question, but overall the majority of brokers are losing this battle. On the other hand, MLS search sites do much better in this regard. We all know about Houston and how they actually dominate the Internet traffic war with their HAR.COM site. The rest of the MLS consumer sites don't do this well but most do better than their member broker sites. So the argument can be made that for Brokers to compete they need to work with the MLS in this area in addition to having a presence with their own websites. So, while MLSs were not created to provide services directly to the consumer today they should be seen as a natural partner and tool of the Brokers to provide an area of service to the consumers on their behalf. MLSs need to be seen as an ally, not an enemy, by member brokers.

### **Pressure for Consolidation and Control**

Regionalization, data sharing and control have been major MLS topics over the last several years and this trend will continue into the future. The reason is simple. Markets boundaries have changed and expanded and the natural sales areas are larger. Markets once served by small and isolated MLSs no longer make sense in many cases because consumers working in one area may live in a totally different area and need to have access to property data on a much larger scale. Brokers and agents obviously need this access as well and don't want to have to join multiple MLSs, learn multiple MLS systems, work with different data sets, etc. But there is another reason, namely, control!

All of the parties in our little industry are working very hard to be relevant and even to control as much as they possibly can. An outsider looking into our industry would see numerous pushes for control and consolidation often working in direct conflict to one another. It might be compared to a war-taking place with a "so called" common objective while being fought by the Marines, Army and Navy without any coordination or central leadership. Some would argue that at the national, state, regional and local level our industry often works in separate vacuums and this lack of coordination has a price that is paid by everyone.

On the national level RPR was rolled out to MLSs across the country to mixed reviews with some loving the technology and potential and others questioning the real “long term” intent of RPR. Does NAR see this as the eventual national MLS? While RPR has been successful signing up MLSs, long-term value and product adoption is not a given and questions still remain about their end game objective. Whether you are a RPR supporter or not, it is a given that this technology has a potential impact on MLSs and MLS data is being used to fund it. How will this impact existing MLS products and service offerings long term?

At the state level we have seen one state association, California, decide that they were in the best position to offer MLS services to the members of the state and boldly pushed forward an agenda to do just that. Unfortunately they didn't do this at the request of existing MLSs and also did it with brand new technology so ran into major resistance. Even so, they pushed forward, evolved and partnered with MRMLS, which became CRMLS and now have the largest regional in the country. Will we see this approach by other state associations in the future? It is hard to say, but at least one more horse is out of the barn so there is a precedent and who would be surprised if something similar happened again?

State associations have also been very aggressive about offering technology, in competition with free market vendors and MLSs. We have seen this in California, Florida and other states. Some feel they do so unfairly leveraging their power as a state association to tip and control the scales even when members complain they can't use the products they want? As an example, we have seen state associations restrict access to forms by their members unless you use their technology even when real estate companies have developed their own? Or they want to charge their members a high fee to use the forms even though they already pay the state association as a member. One might question whether this is the right way to treat members but the real issue to notice is that this is another example of part of our industry working for their own self interest and not necessarily the interest of the REALTOR® members, which are the people these organizations are created to serve. It is also an example of organizations trying to exert control and influence in ways that may impact the MLS, particularly by supplying technology directly to the members.

### **How Have MLSs Reacted to the Pressures Created by Calls for Consolidation and Control?**

This is really a case-by-case scenario as we look around the country. In areas where OMD (overlapping market disorder) is occurring we have seen many instances of MLSs coming together to form more logical, larger regionals to serve the broker/agent base within those market areas. A recent example is the Greater Hudson Valley MLS in Orange County, NY announcing they will be coming together with the Empire Access MLS (Westchester Putnam). It makes sense, the markets have significant overlap and the resulting larger regional will provide a better, uniform service for brokers, agents and consumers that span these areas.

In Florida, we have seen My Florida MLS grow into one of the largest and well-run regionals in the country bringing in a number of neighboring MLSs over the last few years. Again, there were real market needs being felt by the brokers and agents doing business in those areas and the organizations did the right thing and found ways to

bring their MLSs together. In other areas, though, such as the southeast Florida market, which has had data sharing between Regional MLS, Fort Lauderdale MLS and the Miami MLS for years, regionalization has never taken place in the true sense. They continue to share data but each MLS operates on their own, duplicating services in each case.

Why do some areas do it easily while others seem to build stronger walls even when there are definite overlapping markets? It is never just one reason. There are issues with technology, vendor contracts, rules and regulations, service levels, all types of other things that need to be considered but in some cases it is the whole issue of “control” again. Sometimes that control is exerted at the staff level and sometimes it is done at the broker level as well. We have seen numerous instances where some MLSs simply want to maintain their independence even though they would lower costs and realize wider data access if they regionalized. Over time, it is likely that business sense will prevail and consolidation will take place in all markets where overlapping market disorder exists, but it often takes much longer than you would expect. Ours is not necessarily a logical business!

Another obstacle to consolidation, part and parcel with control, is governance and company structure. We see this in areas like Connecticut where there are both private non-NAR affiliated MLSs as well as shareholder NAR affiliated MLSs. While this is certainly not the only issue in Connecticut, company structure and ownership are core to the values of these MLSs so if consolidation is to take place, in an area like this, there has to be some fundamental change in thinking on one side or another.

### 3. Have MLSs Changed Too Much? Are They Off Course?

MLSs have changed considerably over the years. The original mandate of MLSs was to share data to provide a platform for agreed upon offers of compensation between broker members. They still do this, of course, but many MLSs have gone way beyond this original mandate and become self-directed mega-organizations providing dozens of services and products to their members. They have done this to try to meet the changing needs of their members. They offer the MLS system but in addition they may also offer forms, Internet fax, document management, websites, CRM tools, showing systems, mobile tools, drip marketing products, consumer facing lead tools, consumer websites and more. This evolution was the natural result of very competent leadership, good staff, strong boards and committees looking to improve and expand their offerings. So the answer is yes, they are adjusting and evolving. The question now is: is it working? Are MLSs successfully changing in the right ways to meet the needs of their members? Or, have they gone too far?

#### Have MLSs Changed Too Much Already?

There is no question that MLSs provide more and better services today to their members than they did 20 years ago in almost every case. But, now at almost every strategic planning session we facilitate we hear concerns from brokers, usually the large companies, that MLSs sometimes go too far in providing services to all members. There is a concern that MLSs have moved into territory that Brokers want to control themselves as company advantages.



Large real estate companies will spend huge amounts of money and resources to create an environment they believe gives them a competitive advantage with both consumers and agent recruiting. While they want and need the MLS to do what it was intended, to share data, they don't want to see the MLS as a "socialized government" that is trying to give everybody the same tools for one low fee. Leading real estate companies want the ability to differentiate themselves in certain ways using technology and services. But, this doesn't apply to all technology and services so the key is finding the line between what the MLS should do and what the real estate companies should do.

## **Have Some MLSs Forgotten Whom They Work For?**

MLSs are the lifeblood of the real estate transaction. They are the keepers of the Holy Grail and no broker or agent can effectively do business today without access to MLS information. MLSs were formed to create this cooperative platform to serve the brokers and agents who created the MLS. Yet, in some areas, we have seen situations where shareholders and/or brokers feel the MLS does not always act in their best interest. We have seen situations where shareholder associations report that the MLS has forgotten who owns them and who they were formed to serve in the first place. In others we have seen poor communications and an atmosphere of distrust between the MLS and shareholders.

We have even seen this escalate to the point of restructuring the MLS. We have also seen dysfunctional relationships between the MLS and their member brokers. An example worth noting is the case of MLSs acting as a gatekeeper to the broker data. There is no question the MLS has the responsibility to maintain the security of the MLS data for all the MLS members but in reality we have seen this process abused at times. We have worked personally with brokers who say the MLS works against them when it comes to providing them the data they need to manage their business and act as gatekeepers as if the data is theirs to begin with. In one case we worked with a franchise broker who needed access to sold data, via a RETS feed, so they could create CMAs using their franchise CMA program but were told by the MLS they could not access the sold data for this purpose. While the issue was eventually resolved it shows how an MLS first acted as a gatekeeper not a partner. The MLS was obviously not working in the best interest of the broker member and was acting in a way that actually kept them from doing their business effectively.

Just recently we heard rumblings of large brokers in a certain area talking about pulling out of their MLS and starting their own because of similar issues where they could not get the data they needed to run internal programs. When this happens it is clearly a sign that the MLS has forgotten whom they work for.

These are the exceptions. However, most MLSs are doing a great job of listening to their members and doing the best they can to provide outstanding products and services at a competitive price. Most MLSs now have clear procedures for data access and do all they can to support their member's business endeavors. But, the fact that these problems do exist means that all MLSs should ask the tough questions and make sure this is true for their organization.

## 4. What Should the MLS of the Future Look Like?

So what will the MLS of the future look like? Will it continue as it is today? Will there be a major change?

MLSs for the most part are well run organizations that provide a great number of services to their members for a relatively small fee. Usually, for about \$30 to \$40 per month they provide an MLS system, training, compliance, membership services, technology support and often numerous additional technology products included in the fee. They may also supply reduced fee access to other technologies and services. The question MLSs need to ask is “What do our members really want us to be and how can we make sure we remain relevant to their needs in the future?”

The answer to that question is not simple and the truth is, it may not be the same in every market. Because we have the opportunity to work with MLSs of all shapes and sizes across the USA and Canada we see some definite differences in what members want their MLS to be. In MLSs where there are very large real estate companies that control significant market share we usually hear these companies asking the MLS not to subsidize technologies to the members that they may already be providing to their agents. In other MLSs where one company doesn't have a predominant share they may want the MLS to provide more a services for everyone. We believe this is a market-by-market question and will differ accordingly. This is also a strong argument against regionalization and consolidation just for the sake of consolidating. Real estate is still a local business and what works for Portland, Maine is not likely what works in Albuquerque, New Mexico!

### Data Warehouse, Department Store or Free Service?

Will MLSs of the future be streamlined data warehouses providing outstanding data origination and control coupled with a few core products that serve as the foundation of all other real estate services? Can they continue to expand to more and more layered services on top of the core MLS services? Will a well-funded third party decide to offer free MLS services as one more offering and change our MLS world forever? Or, will another national option unfold, perhaps through RPR, in the coming years or will it be some entity that is not even on our radar yet?

These are all interesting questions, but when I really look at what is likely to happen I think the first two options are the most likely. For our industry to change to something more radical it will take the agreement of our brokers and agents and I just don't see enough upside to risk their livelihood to some more drastic option. For any major change in an MLS to take place and succeed it will have to be supported by the brokers and I don't see this happening in the near term. The reason is the money! It just isn't that expensive today to get MLS services, at least in most areas. There isn't enough pain, from our viewpoint, to cause a major industry shift and big change requires big pain.

But being a big believer in following the money in any evaluation I also believe that because there is not that much money in the MLS business there has to be some reality in what MLSs can deliver and deliver well. Vendors have been pushed pretty hard over

the years to add everything plus the kitchen sink while we have their hand on their wallet at the same time. There just isn't much more you can do to get the price down and we all know brokers and agents aren't going to happily pay more for services. Combine this scenario with a desire by many real estate companies for MLSs to stay out of what they perceive as "their business" and I think a case can be made that MLSs of the future need to provide a "Data Warehouse" approach with excellent core services, outstanding data integrity as well as exceptional and easy data access for their members.

Another piece of evidence to support this theory is the fact that many of the largest real estate companies are paying significant money to install enterprise level technology for their companies that provides access to the data from multiple MLSs for their agents, CRM programs, customized CMA, lead generation, drip marketing and so forth. They are doing this to create market differentiation to both the consumer and the agent and the more they do this the less they will want the MLS to do. Situations like this, where real estate companies are making an effort to acquire more data by installing new technology, is MLS behavior outlined in WAV Group White Paper: [The Shift In Real Estate Technology](#).

As a result, a line needs to be drawn very clearly on where MLS services begin and where broker services begin. As noted before, this line will be different for each MLS because it will be driven by the broker members and how market share is made up. If the line is a good one, based on real market understanding, it will create a spirit of trust and cooperation between the MLS and the broker community. If it isn't, there will be a constant struggle, misunderstanding and a lack of cooperation. When done correctly, some MLSs may, with the blessing of their members, have every technology and service under the sun that they can afford while other MLSs may opt for a more streamlined set of services with brokers supplying "marketing" type products at their end. In either case, the core services need to be the first focus!

## Recommendations

As you look at your MLS during your next planning session to decide how to improve overall services, here are some questions we recommend you ask to help lead your discussion:

### 1. What Do We Consider Our Core MLS Service?

A good place to start your discussion is to see if you all agree on what your core services are. Is it just the MLS system? Does it include help desk? Does it include secondary technology products and services? How about syndication and RETS feeds to your brokers and IDX feeds to brokers and agents? What else would you consider an absolute core product?

### 2. How Are You Doing on Your Core Products?

Before looking to add any other product shouldn't you first make sure that you are doing an outstanding job on your core products and services? Do you know how you are doing? How do you measure it? MLSs were created to share data and provide a platform for offers of agreed upon compensation. First and

foremost MLSs should be as good as they can be in this area. Data should be accurate. Rules should be enforced. Security should be in place but core services probably don't stop there. You might say that your MLS system is great and your members love it but how about other core service areas like data services to your brokers and agents? We shared the stories earlier in this paper about how some MLSs often make it difficult for their members to get access to full data feeds, including solds for internal use. If your MLS considers this a core service how is your MLS doing in this area or other areas you consider core? We recommend you first agree on what your core services are, make sure you are measuring how you are doing in these areas and then make sure you make these core services top notch before wasting any energy on additional products and services.

### **3. How Do We Determine Our Core Services?**

If everybody needs a service it seems like a no-brainer to offer it through the MLS and to make it a core service. The sheer buying power of the MLS puts it in the best position to be the provider of this technology or service. Unfortunately things are not always black and white. What if a broker already offers this service to their agents? What if they have been using this feature ahead of other brokers and offer it as a recruiting tool? What if something else is being used to create a marketing differentiation?

Each MLS is unique and the real key is to ask the right questions openly at the leadership level so you can ascertain where MLSs services should end and broker services should begin. In the case where a broker is already offering a service you may realize that while they have offered this for a period of time ahead of the pack, a tool may no longer have any power as a recruiting tool because everyone is implementing the same tools. At that point, open-minded business people should realize it is time to use the group's buying power to get that service or technology. So when evaluating whether something is, or should be a core service, ask whether this product is something every broker and agent needs to effectively run their business.

### **4. Does the Product Offer a Competitive Marketing Advantage?**

If a product offers a competitive marketing advantage there may be resistance to offering that product through the MLS. Brokers want to use this product to differentiate themselves. This is what their whole business is about and they don't want the MLS to "level the field". But, as noted before, where that line is on products is largely a product of the broker makeup of the MLS and what market share looks like. MLSs need to ask and be responsive to what their members want in this regard.

A key to getting a spirit of cooperation with brokers ahead of these issues is to clearly articulate what types of products the MLS will or will not implement and what procedures will be used to decide on products where there might be a question. Creating a clean and open process where real estate companies can be involved in these types of decisions can take away the concern that the MLS has their own agenda.

## 5. Should Non-Core Services Be Free or Offered at a Reduced Fee?

Don't feel that all services offered through the MLS have to be included in the monthly MLS fee. This is a trap that MLSs have fallen into for years and it has also been a real issue for MLS vendors that are expected to provide everything under the sun in their MLS system for \$5 to \$10 a month. WAV Group often helps MLSs review their product offerings to determine what products are actually seeing substantial use by their members. It is always interesting to see an MLS board's reaction when they look at all of the products they offer to find out that a very small percentage of members are really benefiting from them. Weed out the products that only serve a small portion of your members or make them available on a fee basis that is less than your members could obtain on their own.

## 6. Add Consumers to Your Core Services.

It is important to caveat this statement. MLSs should add consumers to their core services as part of an overall "broker strategy" where brokers should leverage the MLS to help reach consumers. Brokers need to recognize that the MLS works for them and to cooperate and work with the MLS to expand their consumer reach. Data shows brokers are not able to do this on their own, they simply don't come close to competing with the big consumer nets thrown by the big 3rd party vendors. Brokers need to use the MLS as well as their own Internet resources to maximize their reach with consumers.

It is always surprising to us how willing brokers are to embrace working with sites like Zillow and Trulia who charge them for any real services. At the same time, brokers are giving their data to these 3rd party vendors for free and will oppose MLS consumer sites. The MLS does not charge brokers for leads or try to up sell them services and yet for some reason, even though the data does not support it, they believe MLS sites compete against their broker websites. We believe Internet data shows that the people not going to their MLS consumer sites are more likely to go to 3rd party vendors. MLS sites give brokers a chance to capture some of those leads without having to buy them back! Brokers need to realize that the leads that come through the MLS are leads they probably wouldn't have gotten anyway without paying for them. Seems like an easy business decision if you believe the data!

## Conclusions

MLSs have come a long way over the years and we have seen what were once small, localized operations formed by associations and brokers morph into more and more large regional organizations. We have seen technology expand at exponential rates with the Internet and with that technology we have seen changes in the real estate market at all levels. Consumers now play a major role in the real estate transaction long before engaging an agent and this dynamic has created a new consumer industry. MLSs have moved from a simple technology platform to share listing data and manage co-broker sales to large menus of technology tools and services.

Yet, in spite of these additional tools, there are some that feel MLSs are not always acting in the best interest of members and that some have forgotten whom they work for. Some brokers see them as competitors trying to level the playing field. Some feel

they go too far into what they offer and the control they try to exert over their member's real estate businesses. Lines need to be clearly defined between MLS and broker services and these lines will differ from market to market.

Issues of consolidation and control are prevalent at every level of our industry as interests from a national to a local level try to solidify their relevance and long-term survival. Consolidation, in most cases, has been long overdue and very beneficial while attempts to exert control are often evidence of dysfunction in our industry. We have seen numerous instances where major initiatives take place as if in a vacuum with special interests pushing their view of how the industry should work on the rest of us. When this occurs we see walls go up, a sense of mistrust develop and a lack of overall cooperation that in turn hurts everyone.

At the core of our industry, the MLS is still strong, and the majority of our MLSs do an outstanding job of listening to their members and providing great service and products at an incredibly low price. MLSs are the foundation and data standard of the entire real estate industry. This is their core service and value; MLSs need to ensure that their core services are the best they can possibly be before adding more services. They also need to take credit at a national level for being “the” source of the best data in the industry!

Service levels and products offered by MLSs need to be a local decision because it will depend in large part on the make up of that MLS area and what market share looks like. One size does not fit all and this is a strong argument against regionalization for the sake of regionalization. Real estate is still a local business and MLSs need to serve that local business while MLSs need to also be open and realistic when markets expand and consolidation needs to occur.

As a final thought, MLSs need to always remember, as do all of our real estate organizations at every level, national, state, regional and local, that they exist to serve the brokers and agents that “are” the real estate industry. Brokers and agents do not exist to serve the organizations. Likewise, organizations at all levels of the industry need to find new ways to work together to leverage their respective strengths rather than creating an atmosphere of internal competition that weakens everyone. If we can do that our industry will remain strong and at the center of the real estate transaction for many years to come. If we don't, if we fight amongst ourselves and compete internally, we will continue to create vulnerability and open ourselves up to attack from the outside. We should never lose sight of how quickly Zillow and Trulia came into our space and dominated consumer real estate traffic. That happened because our industry didn't react to real market needs and smart people saw the opportunity and moved quickly. We need to make sure we are ones driving these changes and not be the ones trying to catch up after the fact.

At the MLS level, the core of our industry, the process starts with asking the right questions and creating a true spirit of trust and cooperation with your members. It requires a willingness to move beyond parochial interests to see the big picture and leadership that can build bridges, not walls, with all levels of our industry. The majority of our MLSs have great leadership that can do this, are well managed, and are in touch with their members and offer outstanding member services. To go to the next level

though, to meet whatever industry needs arise and to maintain control of our industry, I believe we need to see improved communication and coordination at all levels in our industry and I believe MLSs are in the best position to make this happen.

I believe it is time for CMLS, the MLSs own organization, to rise to the next level and take that leadership role. It is time for MLSs to work together to lead the conversation, through CMLS. Imagine what our industry would look like and what we could accomplish if we really work together at the national, regional, and local levels.

## About WAV Group

**WAV Group** is a leader in providing consulting services to the real estate industry and is comprised of corporate executives with a depth of expertise in both the real estate industry as well as the consumer market.

The company has conducted studies for some of the largest organizations in the industry including the National Association of REALTORS®, California Association of REALTORS® and others. It has also authored several of its own studies including the 2009 Transaction Management Adoption Study, MLS Consumer Website Effectiveness Study, Broker Website Effectiveness Study, Edutizing and its most recent white paper Real Estate Technology – Keys to Adoption, and many others. For more information or to register to receive report releases and newsletters please contact Mike Audet at [mike@wavgroup.com](mailto:mike@wavgroup.com).

**WAV Group** works with Multiple Listing Services, Associations, Title Companies, real estate firms, franchise organizations and technology vendors in the US, Canada and Europe. WAV Group has expertise in the areas of technology evaluation, product development, market research, strategic planning, sales & marketing, technology selection and implementation.

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