

MLS & Associations

After NAR deal, MLSs will have to reinvent themselves — or else

At NAR NXT, panelists Marilyn Wilson, James Dwiggins and Clint Skutchan advised MLSs to make themselves essential without guaranteeing compensation.

by [Andrea V. Brambila](#), Inman News November 07, 2024

Removal of compensation from multiple listing services due to the National Association of Realtors' settlement means MLSs will have to find another way to become essential to the brokers who provide their lifeblood: real estate listings.

That's according to panelists Thursday morning at the MLS Association Executives Session at NAR's annual conference, NAR NXT, in Boston.

More than half, 55 percent, of real estate professionals surveyed in August thought the MLS was less valuable without compensation, according to Marilyn Wilson, co-founder of WAV Group, the real estate consulting firm that conducted the survey.

"Regardless if it's true or not ... people are just mad right now, especially the \$2 billion club," Wilson said, referring to the large brokerages that were not covered by NAR's settlement.

"They're just mad and I can't blame them. What it says to me is that we have to remind ourselves that we are a whole lot more than compensation."

"We've got to re-invite ourselves to think about all the stuff we do and drive it home more effectively," Wilson added.

"[Realtors] just think of the MLS as sort of a utility that's always there. It's really a business generation partnership, and we have to drive that home much more effectively."

James Dwiggins, CEO of NextHome, reminded conference attendees that 40 percent of the people practicing real estate today were not in the business in 2019 or 2020, so MLSs have to constantly articulate their value.

"Because people that are just getting into the business don't have historical perspective," Dwiggins said.

The real estate industry has spent 30 to 40 years building the current MLS system into "the greatest marketplace ever," according to Dwiggins.

"I remember when my parents would go get an MLS book once a month," he said.

"I remember it because they were excited to find out what was for sale. And even then, some of those properties weren't available because they were already sold because they didn't know what was for sale.

"So when we talk about historical perspective, we all, including brokers, franchisors, everyone needs to reinforce this incredible marketplace we built."

Likely referring to Compass's push for repeal of NAR's Clear Cooperation Policy, Dwiggins added, "Do not let one company's ambition change what we have spent 40 years to build for buyers and sellers in this country."

He acknowledged that "everyone's scared" because now they're operating under a "new system" after "massive litigation."

"I'm part of the \$2 billion club," Dwiggins said. "I just settled. It sucked."

"There's just a lot of confusion, and that confusion scares people because these are people who don't have a steady paycheck," he added.

"They work from deal to deal in one of the toughest real estate markets we've been in since 1995."

Wilson suggested that MLS executives "start with the broker" in terms of reinforcing their value proposition.

"They understand what they're most challenged with, and what their agents are most challenged with, and what their consumers that the agents are serving are most challenged with," she said.

"Make them your partner."

"Start with the broker because they're feeling very lonely right now and very unsupported," she added.

"And frankly, to be really crass and capitalistic about it, it's the broker that's going to decide whether or not their company should stay with the association. So if you get that on your side, the rest of the company will come along with it."

Clint Skutchan, senior vice president of organized real estate at real estate consulting firm T3 Sixty, said MLSs will be faced with greater levels of competition, potentially from outside disintermediaries, if MLSs don't choose to go in a different direction.

"I don't know what would cause this industry to truly reorient itself other than outside disintermediation, and I don't want that, because I think we have a greater good orientation," he said.

Dwiggins agreed. "Whatever you can do to disrupt yourself and think about how you can help brokerages and agents articulate value better, that's what you need to be focused on," he said.

One thing that the MLS can do is create a buy-side version of itself, Dwiggins suggested.

"It shouldn't just be listings," he said. "What about a reverse prospecting system, where you have literally everybody in it, and you can find out what buyer is looking for what type of property, and have it go the other way, where I can reach out to the agents representing the buyer that's looking for a specific type of home that I might have listed."

"What about creating a database of knowing every single buyer who's working with an agent? Open that up as an API so that you can have your CRM system hit and go, 'Oh, all the leads I'm getting, those aren't leads. Those are actually people working with another agent. I don't need to spend that kind of money on lead gen.'"

“There’s tons of opportunities that we could do as an industry to reinvent the MLS so that the brokers and the agents go, ‘I can’t do business without this service,’” he added.

“Right now, we’re getting this message that the MLS isn’t important and that we can do things without it. I think that’s crap. We have to think about how we better articulate that value and reinvent the MLS to be something bigger.”

He acknowledged that talk of disintermediation has been common over the years.

“I know, I’ve heard about this my whole life: ‘lion over the hill,’ blah, blah, blah, blah, blah,” he said. “But it’s coming. It’s actually here. There’s massive amounts of money in the space, and there’s companies that want to remove most of you in this room.”

He suggested MLSs ‘get different with data’ by, for example, offering energy costs for properties.

“I bought a second home in the mountains. I didn’t know the propane bill was going to be \$1,000 a month during the winter. I’d love to know that,” he said.

“I’d love to know all the features of a property before I’m buying something. There’s tremendous opportunity to open up new data sets and increase the value of the MLS. We’re just not thinking 10 moves ahead.

“The more that we do that, the more the value comes back, the more brokers will stop questioning it. They’re going to look at the MLS as essential. And a lot of these conversations go away.”

Wilson pointed out that another WAV Group survey found that 72 percent of real estate professionals want statewide access to lockboxes.

“[T]hat’s not that hard to do,” she said. “You have a statewide license, you should be able to access the lockbox anywhere you want.”

Before the U.S. Department of Justice withdrew from a settlement with NAR, that deal was going to require access to lockboxes for every licensee, Wilson emphasized.

“Let’s go there first. Why are we waiting for them to tell us to do that? It doesn’t make any sense,” she said.

Again likely referring to the CCP, Dwiggins noted that in his decade of running NextHome and selling several hundred thousand homes as a firm, “I can’t think of one time ever where a seller emailed me saying, ‘I’m really pissed off that your agent put my property in the MLS.’” Some in the audience laughed.

“My point here is that we need to be continually educating the workforce, the agents on the ground, about the value of the systems that they have, giving brokers that information, sharing that knowledge out there, so that we’re getting everybody on the same page about what the system is and the beauty that we created,” Dwiggins said.

MLSs have a lot of data that has not been turned into actionable intelligence, according to Skutchan.

“It’s great to have the data, but unless you’re able to leverage it ... through really good, solid economic minds or packaging it in a way that would be usable, it doesn’t matter.”

For instance, Dwiggins said, various studies have found that sellers will net 5 percent to 17 percent more money if they sell a property on the MLS rather than off.

“That needs to be just broadcasted from the mountain tops to every single Realtor out there,” he said.

“I would encourage you to think about how you can supply some of that information and then have a path for the brokers to share in that conversation and dissemination of that info, as well as down to the agents.”

At the request of session vice chair Justin Landon, the panelists each offered attendees one last piece of advice.

“Communication is everything,” Wilson said. “Most MLSs don’t have enough people, and they don’t have enough focus on driving home the value proposition.”

Skutchan told attendees to be leaders, regardless of the popularity of their decisions.

“We need leaders,” he said. “That means making decisions in boardrooms that aren’t going to be favored by the agents. Today, the agents are struggling to stay in the business. Some brokers are struggling to pay their bills. You’re in an environment as an organized decision leader to make the decisions, to act in a leadership capacity.

“If you don’t lead in this moment, someone will lead around us. We’re doing stuff that matters for the consumers in a marketplace, and it requires leadership, and sometimes we’re going to fail and trip, but better to do that than never taking a step at all.”

Dwiggins agreed with Skutchan and added, “We have to make a choice as an industry. If we’re going to be pro-consumer, then we have to stick up for that, and every policy we put in place should be around that.

“If we’re not going to do that, then just say we’re about profit and make decisions around that.”

MLSs have to think about who they’re fighting for, according to Dwiggins.

“Your lawyers are there to advise you. You are the business leader. You make the choice,” he said.

“Decide how you want to do it. This MLS system you build is incredible. Add to it better communication. Think about who we’re trying to serve. And I believe that if we serve buyers and sellers in every choice we make, we will have a very, very bright future.”