



# New Business Models

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# New Business Models

What will new business models look like?

What special needs will they have?

What special challenges will they create for MLS and Realtor® associations?



# New Business Models

Flat fee, MLS Entry Only, FSBO Realty, Freedom Shops, Online, Collectives, Financial Services, Discount, and other terms describe both existing and new kinds of brokerage firms



# New Business Models

The market shares of these types of firms collectively may well reach 10-12% of all transactions in the 3-5 year period

Collectively then they may well have as much market share as any single existing national network has today



# New Business Models

How are they different?

Offer varying or different levels of service to housing consumers

Offer varying or different levels of fees and charges to housing consumers



# New Business Models

Often have differing views of the role and usefulness of MLS

Often have differing views of the role and usefulness of the Association



# New Business Models

Frequently they are small brokerage firms with <5 sales or administrative personnel

Don't always offer cooperation and compensation in traditional ways or at traditional levels



# New Business Models

Frequently these types of firms are more “Consumer” focused than “Agent Centric”

They are not as concerned about what other brokerage firms and sales professionals think about them

Rather they are concerned about what consumers think about them



# New Business Models

Many will have a strong foundation in the use of technologies that make process more efficient

Many will also be home based without a great deal (if any) office space – they will be “networked” not co-located



# New Business Models

A great majority will participate in Realtor® structures and programs so long as they assist their efforts to build a business and make an income – otherwise they will be more passive in their support of the Realtor community



# Special needs

First and foremost to be left alone to run their business without interference from what they see as “reactionary” forces who seek to inhibit their growth – which has been too often practiced in the past



# Special needs

Many will be small independent operators, networked, not co-located, so MLS and Realtor technology platforms and assistance may tend to be more valuable to them than may be the norm for existing traditional brokerage



# Special needs

Ease of entry and access to MLS and to be able to integrate their own software (contact management, PDA, CRM and others) with MLS and other data will be an important feature



# Special needs

Having access to the full range of services on an ala carte basis will be important to these firms – and their needs in this regard will vary greatly



# Special challenges

There has been and will be attempts to insert new requirements (minimum services, lock box requirements, etc) that may have at their core an objective to mandate that they look like and operate like traditional brokerage



# Special challenges

Since these firms may well be small, there will be less contact with them and thus communications are inhibited to some extent



# Special challenges

Some new models will not offer cooperation and compensation automatically thus creating conflict with existing brokerage firms and their manner of doing business



# Special challenges

Some will not practice in the usual way –  
for instance there are many MLS Entry  
Only firms that actually don't meet face to  
face with their clients or cooperating sales  
professionals – creating additional sources  
of conflict with other members



# Special challenges

One role of the MLS and Realtor association is to build and maintain a fair marketplace for all Realtors to operate their businesses and serve housing consumers – new model firms will depend on the MLS and Realtors to uphold that principle.



# Some conclusions

The rules of the road are clearer now than at any time in the past twenty years in so far as the use of the Internet and the advent of meaningful participation by new model real estate brokerage service providers



# Some conclusions

The MLS is not dead and is not dying

The Realtor Association is not dead and is not dying



# Some conclusions

Efficient markets require two things:

Efficient information

Effective governance



# Some conclusions

Realtor Associations and MLS are uniquely positioned to provide effective, fair and efficient markets to real estate practitioners

Information and content  
Governance



# Some conclusions

Without both, you do not have an efficient and effective market

New Business Model firms require nothing more or less than equal fair access to the market you created and maintain